TD/B/1293 (Vol. II)

UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT

TRADE AND DEVELOPMENT BOARD

Thirty-seventh session
Second part
(11-22 March 1991)

OFFICIAL RECORDS
Supplement No. 1A (Part II)

Report

UNITED NATIONS

TD/B/1293 (Vol. II)

UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT

TRADE AND DEVELOPMENT BOARD

Thirty-seventh session
Second part
(11-22 March 1991)

OFFICIAL RECORDS
Supplement No. 1A (Part II)

Report

UNITED NATIONS
New York, 1991

NOTE

Symbols of United Nations documents are composed of capital letters combined with figures. Mention of such a symbol indicates a reference to a United Nations document.

* * *

For the recommendations, resolutions, declarations and decisions adopted by the United Nations Conference on Trade and Development, see:

First session: *Proceedings of the United Nations Conference on Trade and Development*, vol. I, *Final Act and Report* (United Nations publication, Sales No. 64.II.B.11), pp. 18-65;

Second session: *Proceedings of the United Nations Conference on Trade and Development, Second Session,* vol. I and Corr.1 and 3 and Add.1 and 2, *Report and Annexes* (United Nations publication, Sales No. E.68.II.D.14), annex I, A, pp. 28-58;

Third session: *Proceedings of the United Nations Conference on Trade and Development, Third Session*, vol. I, *Report and Annexes* (United Nations publication, Sales No. E.73.II.D.4), annex I, A, pp. 53-114;

Fourth session: *Proceedings of the United Nations Conference on Trade and Development, Fourth Session*, vol. I and Corr.1, *Report and Annexes* (United Nations publication, Sales No. E.76.II.D.10), part one, sect. A, pp. 6-43;

Fifth session: *Proceedings of the United Nations Conference on Trade and Development, Fifth Session*, vol. I, *Report and Annexes* (United Nations publication, Sales No. E.79.II.D.14), part one, sect. A, pp. 6-50;

Sixth session: *Proceedings of the United Nations Conference on Trade and Development, Sixth Session*, vol. I, *Report and Annexes* (United Nations publication, Sales No. E.83.II.D.6), part one, sect. A, pp. 6-40;

Seventh session: *Proceedings of the United Nations Conference on Trade and Development, Seventh Session*, vol. I, *Report and Annexes* (United Nations publication, Sales No. E.88.II.D.1), part one, sect. A, pp. 6-27.

TD/B/1293 (Vol. II)

ISSN 0503-4116

CONTENTS

		Paragraphs	Page
Introduction		1 - 22	1
Part I:	RESOLUTIONS AND DECISION ADOPTED BY THE TRADE AND DEVELOPMENT BOARD AT THE SECOND PART OF ITS THIRTY-SEVENTH SESSION		5
Part II:	SUMMARY OF PROCEEDINGS	23 - 514	12
Chapter			
I.	GENERAL STATEMENTS	23 - 99	12
II.	PROTECTIONISM AND STRUCTURAL ADJUSTMENT AND, IN CONJUNCTION THEREWITH, OUTCOME OF THE URUGUAY ROUND ON DEVELOPMENTS AND ISSUES OF PARTICULAR CONCERN TO THE DEVELOPING COUNTRIES, IN ACCORDANCE WITH PARAGRAPH 105 (8) OF THE FINAL ACT OF UNCTAD VII (agenda item 2)	100 - 286	25
III.	PREPARATIONS FOR THE EIGHTH SESSION OF THE UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT (agenda item 3)	287 - 327	82
IV.	UNITED NATIONS PROGRAMME OF ACTION FOR AFRICAN ECONOMIC RECOVERY AND DEVELOPMENT 1986-1990: UNCTAD'S INTERGOVERNMENTAL INPUT INTO THE GENERAL ASSEMBLY'S FINAL REVIEW AND APPRAISAL OF THE IMPLEMENTATION OF THE PROGRAMME OF ACTION IN 1991 (agenda item 4)	328 - 411	89
V.	REVIEW OF PROGRESS IN THE IMPLEMENTATION OF THE PROGRAMME OF ACTION OF THE SECOND UNITED NATIONS CONFERENCE ON THE LEAST DEVELOPED COUNTRIES - UNCTAD'S CONTRIBUTION TO THE FOLLOW-UP OF THE PROGRAMME OF ACTION (agenda item 5)	412 - 452	103
VI.	OTHER MATTERS IN THE FIELD OF TRADE AND DEVELOPMENT - IMPLEMENTATION OF THE DECLARATION ON INTERNATIONAL ECONOMIC COOPERATION, IN PARTICULAR THE REVITALIZATION OF THE ECONOMIC GROWTH AND DEVELOPMENT OF THE DEVELOPING COUNTRIES (ECONOMIC AND SOCIAL COUNCIL RESOLUTION 1990/54) (agenda item 6)	453 - 463	114

CONTENTS (continued)

Chapter		Paragraphs	Page
VII.	OTHER MATTERS REQUIRING ACTION BY THE BOARD ARISING FROM OR RELATED TO REPORTS AND ACTIVITIES OF ITS SUBSIDIARY AND OTHER BODIES (agenda item 7)	464 - 466	117
	Committee on Commodities	464 - 466	117
VIII.	CLOSING STATEMENTS	467 - 486	118
IX.	PROCEDURAL, INSTITUTIONAL, ORGANIZATIONAL, ADMINISTRATIVE AND RELATED MATTERS	487 - 514	121
	A. Election of the President (agenda item 1 (a))	487	121
	B. Replacement of Vice-Presidents	488 - 490	121
	C. Adoption of the agenda and organization of work (agenda item 1 (b))	491 - 492	122
	D. Adoption of the report on credentials (agenda item 1 (c))	493	122
	E. Provisional agendas		
	1. Provisional agenda for the first part of the thirty-eighth regular session of the Board (agenda item 1 (d))		122
	2. Provisional agenda for the seventeenth special session of the Board (agenda item 1 (e))	494 - 495	122
	F. Designation of the President of the thirty-eighth regular session of the Board (agenda item 1 (f))	496 - 497	122
	G. Membership and attendance	498 - 504	123
	H. Treatment of new States members of UNCTAD for purposes of elections (agenda item 8 (a))	505	124
	I. Announcement of any changes in the membership of the Board and election to membership of main Committees (agenda item 8 (b))	506	124

CONTENTS (continued)

Chapter			Paragraphs	Page
IX. (cont'd.)	J.	Designation of intergovernmental bodies for the purposes of rule 76 of the rules of procedure of the Board (agenda item 8 (c)) ...	507	124
	K.	Designation and classification of non-governmental organizations for the purposes of rule 77 of the rules of procedure of the Board (agenda item 8 (d)) ...	508	125
	L.	Review of the calendar of meetings	509 - 511	125
	M.	Other business (agenda item 9)	512	125
	N.	Adoption of the report of the Board (agenda item 10)	513	125
	O.	Closure of the session	514	125

Annexes

I.	Agenda for the second part of the thirty-seventh session of the Trade and Development Board	126
II.	Provisional agenda for the first part of the thirty-eighth regular session of the Trade and Development Board	128
III.	Provisional agenda for the seventeenth special session of the Trade and Development Board	130

INTRODUCTION

1. In the absence of Mr. Jean David Levitte (France), President of the Board at the first part of its thirty-seventh session, recalled by his Government to take up new duties in Paris, the second part of the thirty-seventh session was opened by Mr. Emeka Ayo Azikiwe (Nigeria), Vice-President.

2. Mr. Azikiwe announced that, following a meeting of the Bureau on 14 December 1990, attended by regional coordinators and the representative of China, the nomination of Mr. Emilio Artacho Castellano (Spain) as President designate of the Trade and Development Board had been endorsed at the monthly consultations of the Secretary-General, on the understanding that Mr. Artacho Castellano would be formally elected at the opening of the second part of the thirty-seventh session.

3. In his opening address, Mr. Emilio Artacho Castellano (Spain), incoming President, said that the outlook for the industrialized countries in the early 1990s was somewhat constrained; economic growth and trade had declined in the preceding 18 months and there had been a resurgence of inflation in a significant number of countries, although this could be controlled provided that there was no upper movement in energy prices. The cautious attitude of the private sector as a consequence of recent developments had not yet dissipated and meant that recovery would still require time.

4. The developing world was becoming more diverse, some countries having succeeded in their reforms while others had lost ground and moved into the least developed category. In general, the economic results in the developing world had been worse in the previous decade than during the 1970s, particularly in Latin America, sub-saharan Africa and the Caribbean. In the 1980s its terms of trade had deteriorated and the prices of commodities had been the lowest in real terms since World War II. At the same time, high interest rates and high levels of indebtedness had frequently frustrated structural adjustment programmes. These trends had run parallel to democratization, respect for human rights and the environment. It had frequently happened that such intense national efforts had not been encouraged by a favourable international economic environment.

5. Since the first part of the current session the progress of the countries in Central and Eastern Europe towards a market economy had continued. The Gulf conflict had also meant that the period had been one of tense waiting for most international and domestic economic operators. It was now more necessary than ever to find new and imaginative solutions for the economic and social ills afflicting the world.

6. Reviewing the agenda, he said that the problems raised in the Uruguay Round should be given priority attention by the Board. Participants in the Round must make additional efforts to obtain balanced results which would lead to the liberalization and expansion of world trade. In addition, the growing competitiveness of labour-intensive exports from developing countries made it increasingly necessary that there should be a body of rules better to regulate this trade and market access. Hence the importance for the current session to make a thorough study of protectionism and structural adjustment.

7. The Board was also to undertake an examination of progress made in the implementation of the decisions of the Paris Conference on the Least Developed Countries. It would be the first evaluation of a programme which would last 10 years. The Board might also consider the affect of the recent upheaval in oil prices and draw appropriate conclusions.

8. As to the Programme of Action for African Recovery and Development (UN-PAAERD) and he noted that despite its positive results, and the considerable increase of operational activities by UNCTAD dedicated to Africa, the United Nations system as a whole would have to make further efforts to ensure the long-term development of Africa and overcome the root causes of its poverty and marginalization.

9. As to the future role of UNCTAD itself, he observed that, in a changing international scene, the international organizations should bring their working methods up-to-date. To that end, UNCTAD should work more flexibly, remain open to new thinking and adapt its structures to variations in world political realities. The Conference on the Least Developed Countries and the recent sessions of the Board had been sound examples of realism and cooperation and the Board should orient its future work along those lines. Reinforced in this way, UNCTAD would be inevitably destined to play a significant role in international economic relations in future.

10. The Secretary-General of UNCTAD, commenting on the aftermath of the recent Middle East hostilities, said that the region and the world required a bold approach to alter radically the political and economic dynamics at play. Peace could only be constructed on the basis of a solid consensus within the region regarding the settlement of outstanding political issues, focusing in particular on security, justice and the chance to achieve prosperity. The United Nations could be used to help achieve these objectives. Developments in Europe following World War II had proved the wisdom of building economic security as a complement to political security. Similar wisdom and imagination were called for in addressing the construction of peace in the Middle East. Perhaps the time had come to think in terms of a common and larger Middle East house, stretching from the Mediterranean to the Hindu Kush and from the Caucasian mountains to the Arabian Sea.

11. Many countries, including least developed countries, had been exposed to the negative effects of the conflict. Appropriate domestic and international policy responses must include even stronger reform efforts, supported by international cooperation, including a larger scale financial assistance lodged in a multilateral framework and based on economic criteria.

12. Reviewing the agenda, he observed that the item on the United Nations Programme of Action for African Economic Recovery and Development, provided the Board with an opportunity to prepare an input into the General Assembly's final review and appraisal.

13. The annual review of progress in the implementation of the Programme of Action for LDCs for the 1990s would be a major element of UNCTAD's role as focal point for the global monitoring and follow-up of the Programme.

14. While the recent decision to resume the Uruguay Round represented a reassertion of the political will of Governments to see the negotiations to a successful conclusion, he stated that a long drawn out conclusion would be fraught with hidden dangers, not least the generation of uncertainty for Governments and economic operations alike. Many decisions could not be delayed until the conclusion of the Round lest the danger of actions being taken might run counter to the underlying objectives of the Round.

15. The resumption of the Round provided a fresh opportunity for strengthening the multilateral trading system, taking into account development dimension.

16. The active participation of the developing countries in the Round was essential and the UNCTAD secretariat stood ready to continue to facilitate this through its technical cooperation programme. The Uruguay Round needed to be supported by actions in other areas and forums, designed to improve the coordination of macroeconomic policies, to reduce debt burdens, to strengthen commodity markets and food security, and to translate the growing concern with environmental protection, into policies supportive of trade and development.

17. UNCTAD VIII would focus attention on the whole range of these issues and their interaction. General Assembly resolution 45/201 requested the Secretary-General to report through ECOSOC on institutional developments, taking into account all relevant proposals, related to the strengthening of international organizations in the area of multilateral trade. The UNCTAD secretariat had been entrusted with the preparation of this report.

18. As to the annual review of protectionism and structural adjustment, policy issues in the 1990s regarding market access were likely to be influenced by the outcome of the Uruguay Round. Tariff and non-tariff barriers remained obstacles to the smooth functioning of inter-trade. While the number of developing countries adopting more open trade policies was increasing, trade restrictions and departures from the multilateral approach were on the rise in developed countries. These developments suggested some loss of faith in the multilateral system. The international community faced a clear choice: either to revitalize the multilateral system or to witness a slide into managed trade, tiered preferences, and inward-looking trade blocs.

19. The elimination of protectionism in developed countries needed to be complemented by governmental policies aimed at structural change. The market-oriented policy reforms pursued in Eastern Europe, taking place in difficult economic circumstances, had added a new dimension to the issue of protectionism and structural adjustment. If these efforts were to bear fruit, an improved external environment was an essential requirement. If developing countries were to share in the benefits, they would need support in gaining access to the new market opportunities in Eastern Europe.

20. The UNCTAD secretariat had intensified its work on trade, foreign direct investment, technology and services in this area, seeking in particular to enhance common understanding of the nature of this relationship and of its implications for the development process.

21. There was a clear need to address the complex interrelationships that existed between trade, foreign direct investment and the globalization of economic activity and corporate operations. The transfer of technology to developing countries and the services problematique should be addressed in a coherent conceptual and institutional framework.

22. In this connection initiatives were underway within the United Nations to begin a gradual process of integrating the complementarity of UNCTAD and UNCTC work programmes in order to permit an in-depth examination of such issues, enhance the quality of outputs to intergovernmental bodies concerned, and respond to the changing needs of the international community.

Part I

RESOLUTIONS AND DECISION ADOPTED BY THE TRADE AND DEVELOPMENT BOARD AT THE SECOND PART OF ITS THIRTY-SEVENTH SESSION*

A. Resolutions

389 (XXXVII)	United Nations Programme of Action for African Economic Recovery and Development 1986-1990: UNCTAD's intergovernmental input into the General Assembly's final review and appraisal of the implementation of the Programme of Action in 1991
390 (XXXVII)	Review of the progress in the implementation of the Programme of Action for the Least Developed Countries for the 1990s
391 (XXXVII)	Date and venue of UNCTAD VIII

B. Decision

392 (XXXVII)	Review of the calendar of meetings

---

* All texts were adopted without a vote at the 788th plenary meeting, on 22 March 1991.

A. RESOLUTIONS

389 (XXXVII). *United Nations Programme of Action for African Economic Recovery and Development 1986-1990: UNCTAD's intergovernmental input into the General Assembly's final review and appraisal of the implementation of the Programme of Action in 1991* a/

The Trade and Development Board,

Recalling its decision 372 (XXXVI) of 13 October 1989,

Having undertaken its final review and appraisal of the United Nations Programme of Action for African Economic Recovery and Development (UN-PAAERD) 1986-1990 pursuant to General Assembly resolutions 43/27 of 18 November 1988 and 45/178A of 19 December 1990,

Noting with appreciation the contribution of UNCTAD, and *noting also with appreciation* funds provided by UNDP and other donors, in the implementation of the UN-PAAERD, notably the expansion of UNCTAD's technical assistance programmes for African countries,

Further noting with appreciation the documentation prepared by the UNCTAD secretariat in this process, especially documents TD/B/1280 and TD/B/1280/Add.1 as well as document TD/B/1279,

Acknowledging that the UN-PAAERD helped mobilize both African countries and the international community in the pursuit of policies and actions for Africa's economic recovery and development,

Recognizing Africa's primary responsibility for formulating and implementing effective economic and social policies towards achieving the objectives of the UN-PAAERD,

Reaffirming the international community's commitment to provide the necessary support for Africa's efforts towards economic recovery and development based on mutually reinforcing action and partnership,

Noting with satisfaction the courageous and persistent efforts exerted by most African countries in adopting and implementing structural adjustment programmes and reform policies, in spite of their social costs,

Reaffirming the continuing need in Africa for human resource mobilization and development and institutional capacity building, as well as encouraging the role and participation of women and youth, particularly those living in the rural areas, in the development process,

---

a/ For a statement made by the representative of the United States on the adoption of this resolution, see paragraph 412 below.

Noting with concern the stagnation in international resource flows to Africa in real terms, the decline in foreign direct investment, and the continued depressed market conditions for Africa's major export commodities,

Noting that a number of international debt initiatives have been taken, however, *noting also with concern* that the debt burden remains a major impediment to recovery and development in Africa,

Bearing in mind problems of environmental degradation and recurring natural disasters in many parts of the continent,

Reaffirming the importance of subregional and regional integration as well as economic and technical cooperation in the process of African economic recovery and development,

Recognizing that a four-year period is a short span for dealing with economic recovery and transformation in Africa and that the attainment of the objectives of the UN-PAAERD require long-term planning, effective economic policies, and enhanced international support,

1. *Reaffirms* the primary responsibility of African countries for their economic recovery and development in an environment which offers equal opportunities to all people, both men and women, to participate fully in the developmental process;

2. *Commends* African countries which are undertaking courageous efforts to implement necessary reforms and structural adjustment measures; and *urges* them to persist with reform policies;

3. *Urges* that structural adjustment policies supported by the international financial institutions should take into account longer-term developmental objectives and seek to ensure a positive social impact while securing basic needs such as nutrition, health, education and infrastructure;

4. *Calls upon* African countries, in the implementation of structural adjustment and reform programmes, including those in partnership with international institutions and individual donors, to take into account their environmental and overall developmental objectives, as well as technological and financial needs;

5. *Reaffirms* the continuing commitment of the international community to support the efforts and policies of African countries in the pursuit of the objectives of the UN-PAAERD;

6. *Urges* the international community to pursue its efforts to provide additional resource support for the objectives of the Programme in the future and in particular, to provide additional resource flows, especially ODA in real terms and to encourage the increased flow of foreign direct investment into Africa; appropriate measures should continue to be intensified by African countries to provide an enabling environment for increased and productive foreign direct investment;

7. Stresses the need, in accordance with Trade and Development Board resolution 388 (XXXVII), for continuing and concerted efforts in the context of international debt initiatives towards comprehensive and effective debt relief measures for African countries;

8. Calls upon all countries, especially major trading partners, to improve access for Africa's commodity exports to their markets especially in their semi-processed and processed forms;

9. Urges the international community to continue to strengthen its support for Africa's diversification efforts;

10. Notes with satisfaction the efforts undertaken by African countries to achieve sub regional and regional integration and economic and technical cooperation; and calls upon the international community to support these efforts;

11. Emphasizes that any assessment of the UN-PAAERD and related statistics, information and studies should cover the whole of developing Africa;

12. Expresses its appreciation to the Secretary-General of UNCTAD for the arrangements made within the secretariat and the effective efforts made to enhance UNCTAD's contribution to the implementation of the United Nations Programme of Action for African Economic Recovery and Development (1986-1990);

13. Requests the Secretary-General of UNCTAD to continue, within his mandate, his efforts to provide assistance to African countries, including continued analysis and research relating to problems of interest to Africa, as well as technical cooperation programmes in Africa and to ensure that UNCTAD's needs appraisal missions will cover all regions of Africa;

14. Requests also the international community, especially donor countries and institutions, to provide additional voluntary resource support for UNCTAD's technical and other programmes of assistance for Africa;

15. Recommends to the Ad Hoc Committee of the Whole of the General Assembly, taking into account the foregoing, to consider the continuation of African and international efforts within the objectives defined in the United Nations Programme of Action for African Economic Recovery and Development (1986-1990).

788th meeting
22 March 1991

390 (XXXVII). Review of the progress in the implementation of the Programme of Action for the Least Developed Countries for the 1990s

The Trade and Development Board,

Recalling General Assembly resolution 45/206 endorsing the Programme of Action for the Least Developed Countries for the 1990s, Emphasizing the prime objective of the Programme of Action and the basic principles laid down in the Programme of Action as the basis for action by the LDCs and their development partners,

Recalling the solemn commitment of the international community, as contained in the Paris Declaration, to implement the Programme of Action throughout the 1990s,

Stressing that successful implementation of the Programme of Action will depend on shared responsibility and strengthened partnership for growth and development of the least developed countries,

Expressing deep concern at the adverse consequences of unforeseen external developments on the economies of the least developed countries,

Noting with serious concern the deteriorated resource situation of the Special Measures Fund for the Least Developed Countries,

1. Expresses its appreciation to the Government and the people of France for acting as host to the Second United Nations Conference on the Least Developed Countries, as well as for their gracious hospitality, excellent arrangements and important contribution to the outcome of the Conference;

2. Emphasizes the imperative need for the implementation of the Programme of Action for the Least Developed Countries for the 1990s by all parties as a matter of urgency;

3. Takes note of the recent Least Developed Countries 1990 Report, prepared by the UNCTAD secretariat, as well as of the initial steps being taken by it pursuant to its mandate concerning follow-up, monitoring and review of the implementation of the Programme of Action, including arrangements for the annual review by the Trade and Development Board, and in this regard, requests all Governments and organs, organizations and agencies of the United Nations system to extend all necessary cooperation to UNCTAD in implementing its mandate;

4. Takes note of the decision of the General Assembly at its forty-fifth session to strengthen the UNCTAD secretariat's Special Programme for the least developed countries and to provide it with sufficient resources, and emphasizes in this context the need for expeditious implementation of this decision;

5. Requests the Secretary-General of UNCTAD, in the context of making necessary links between follow-up at the national and global levels, to participate in and contribute to the country review process, and to report thereon to the Board, as appropriate;

6. Calls upon donor Governments and other donors, particularly UNDP, including, as appropriate, by the use of its Special Measures Fund through further contributions to it, as well as other organizations and agencies of the United Nations system, to effectively support the technical cooperation activities of UNCTAD for least developed countries and in this context

expresses deep appreciation to the Governments of Italy and the Netherlands for their assistance through the UNCTAD secretariat for this purpose;

7. Takes note with appreciation of the initiative of the Government of Japan to hold a seminar, in collaboration with the United Nations Capital Development Fund, on the development problems of least developed countries in the 1990s, in Tokyo in May 1991;

8. Urges all Governments, international and multilateral organizations, regional integration organizations and relevant non-governmental organizations to continue to pay special attention to the problems of LDCs and, in this context, urges their development partners to provide support and assistance to the LDCs, according to the prevailing external circumstances, with a view to mitigating the adverse consequences of unforeseen developments on their economies;

9. Requests the Secretary-General of UNCTAD to present a report to the eighth session of UNCTAD on the progress made in the implementation of the Programme of Action.

788th meeting
22 March 1991

391 (XXXVII). Date and venue of UNCTAD VIII b/

The Trade and Development Board,

Recalling Trade and Development Board decision 381 (XXXVI) of 23 March 1990 and General Assembly resolution 45/205 of 21 December 1990,

1. Takes note of the communication circulated by the Uruguayan authorities on 29 January 1991, and expresses its full understanding of the difficulties encountered by the Government of Uruguay to host the eighth session of the Conference;

2. Welcomes with deep appreciation the offer made by the Government of Colombia to host the eighth session of the Conference in Cartagena de Indias as from 1 February 1992;

3. Agrees, in the light of the above, that the Conference should take place in Cartagena de Indias from 8 to 25 February 1992, preceded by a two-day Senior Officials Meeting from 6 to 7 February 1992;

4. Decides to recommend to the General Assembly at its resumed forty-fifth session that the eighth session of UNCTAD be convened from 8 to 25 February 1992 in Cartagena de Indias, Colombia.

788th meeting
22 March 1991

---

b/ For a statement made by the representative of Colombia on the adoption of this resolution, see paragraph 327 below.

B. DECISION

392 (XXXVII). Review of the calendar of meetings

The Trade and Development Board,

Approves the calendar of meetings for the first half of 1991 [c] and agrees that the draft calendar for the second half of 1991 and the draft schedules of meetings for 1992 and 1993 [d] shall be remitted to the informal group on calendar matters, which will report to the consultative machinery established under Board decision 143 (XVI) and Board resolution 231 (XXII).

---

[c] TD/B/INF.179, the dates for the first part of the seventeenth special session of the Trade and Development Board being amended to 24-26 June 1991.

[d] TD/B/L.913 and UNCTAD/PSM/CAS/296, as amended orally.

Part II

SUMMARY OF PROCEEDINGS

Chapter I

GENERAL STATEMENTS

23. The spokesman for the Group of 77 (Jordan) observed that the formidable development challenges of the 1990s went to the root of survival of a vast part of humanity. Underdevelopment, poverty, environmental degradation and economic stagnation could only be overcome if the efforts of the developing countries were adequately supported by the international community in an interdependence of mutual benefits and interests. To restore development by overcoming the current economic stagnation in a rapidly changing world economy was the ultimate challenge that demanded imaginative and vigorous responses, which could only be international and based on multilateral cooperative solutions that carried with them the political good will of the whole international community.

24. The events of the last decade had pointed to the degree of change that economies and countries had undergone and at the same time the degree of interdependence in the total sum of the international community's social, economic and political endeavours.

25. Whether countries were producers or consumers, their goals and ambitions set the stage for their success or failure and for that they were in need of new direction, and a new vision that was truly universal. Limited and regionalized objectives were laudable but were not an end in themselves and certainly no substitute for a truly international and multilateral solution in which the welfare of all was taken into account.

26. The importance which his Group attached to UNCTAD VIII could not be understated. It came at an opportune time as a forum in which to seek appropriate responses to the challenges of the new decade and to assess the opportunities posed by the new developments, trends and perceptions in international economic cooperation. The developing countries expected the Conference to elaborate the measures and guidelines for national and international policies and actions conducive to sustained and sustainable development.

27. UNCTAD VIII represented the closest opportunity at hand for evolving an equitable, rational and effective management of the global economy, so as to enable developing countries to participate effectively and equitably in the emerging competitive structures of the 1990s and to seek a better and more efficient division of labour through the needed reforms in the trading and financial systems.

28. New ideas were the only forward motion in accommodating to the changes that were impacting on nations and there was a dire need to know which direction to seek. The current events and outlook impelled States to seek the common ground that the Conference could provide. The time for it was sooner rather than later. Countries needed the Conference in order to

refocus their objectives on multilateral action and international cooperation. His Group was convinced that UNCTAD VIII would provide the appropriate policy responses. The Group of 77 has been actively engaged in a major exercise of deliberations, debates and analyses, and had made substantive progress in its preparations for UNCTAD VIII.

29. The representative of China observed that the world economy and trade were characterized by many unstable factors. Since the fourth quarter of 1990, the United States and some other developed countries had entered economic recession. This would also adversely affect the economic growth and development of developing countries. The Gulf war had brought about losses to the economy and trade of the developing countries. The Uruguay Round had come to a dilemma and it remained uncertain whether the negotiations could get out of it in the near future. The developing trend of regional blocs and its impact on world economy was unpredictable.

30. Trade protectionisms constituted one of the major factors underlying the difficulties faced by developing countries. More serious was that more and more trade protectionist measures were directed at a large number of developing countries. Protectionism in the trade of agricultural products was the result of contention for world agricultural products market among major developed countries. For many developing countries, textile products were the most important manufactured goods for export. Nevertheless, the export of textile products had been subjected to the most strongest restrictions by the developed countries. A noteworthy trend in recent years was that, while many developing countries were gradually taking a series of measures to open their markets, thus contributing to the liberalization of world trade, trade protectionist measures adopted by the developed countries had been on the rise instead of being decreased.

31. China was concerned that the progress of the Uruguay Round was very much imbalanced. The negotiations on market access which was of particular concern to developing countries had developed with dissatisfaction, while the negotiations on the new issues, which were of particular concern to the developed countries, had gone beyond the objectives as set in the Ministerial Declaration. As a result, the interests of the developing countries were faced with a serious threat. China had made great efforts, together with other developing countries, for the realization of the objectives set in the Ministerial Declaration. However, the efforts made by the developing countries had not received corresponding response from the developed countries.

32. Regional blocs, unilateral actions and bilateral agreements had been seriously eroding the multilateral trading system of the GATT. The vast majority of developing countries were excluded from regional blocs and were subject to increasingly severe trade discrimination. Confrontation among trade blocs should be avoided. UNCTAD should carry out in-depth study of the trend of regional economic integration and its possible effect on the economy and trade of the developing countries.

33. The Chinese Government attached great importance to the preparatory work for UNCTAD VIII and sincerely hoped that UNCTAD VIII would provide a good opportunity to promoting the North-South dialogue.

34. UN-PAAERD had had a positive effect on helping African countries in easing their debt burden, in improving their exports, and in developing their agriculture and industry. However, due to the fact that the implementation of the Programme of Action was not entirely satisfactory and due to the fragility of the African economy, the deterioration of the external economic environment and frequent natural disasters, the African economy was still faced with serious difficulties. China hoped that the international community would continue to render assistance to the African countries after the expiration of the Programme of Action.

35. His delegation believed that once the SNPA for the 1990s was fully implemented, it would have positive effect on the economic development of the LDCs. Lessons learned in the implementation of the Programme of Action for the 1980s should be borne in mind. His delegation hoped that UNCTAD would make a greater contribution in promoting the implementation of the Programme of Action and play an active role in coordinating all relevant activities within the United Nations system in this connection.

36. In 1991, China was to start the implementation of the Eighth Five-Year Plan and Ten-Year Programme for its national economic and social development. One of its basic guiding principles was to adhere to its current policies of reform and opening to the outside world. In this decade, China would establish a new system of a planned commodity economy and a set of economic mechanisms combining the planned economy with market adjustment. At the beginning of the current year, the Chinese Government had made a decision to further carry out reform in its foreign trade structure. The implementation of this decision meant that foreign trade enterprises would exercise automatic management, shoulder their own profits and losses and compete among one another on an equal footing. This would not only help to streamline China's foreign trade system, but would also contribute to the liberalization of world trade.

37. The spokesman for Group B (Greece) observed that since the first part of the session the international scene had been fraught with important developments in particular the cumulative impact of four major international developments, namely: the Gulf war; the Uruguay Round negotiations; the efforts of Central and Eastern European countries to introduce market-oriented economies and undertake political reforms; and signs of a generally perceived relative weakening of economic activity, in some major countries of the world.

38. The Gulf war had brought into evidence the sensitivity of the international economy in situations of major crises, while at the same time the vulnerability of many developing countries became evident.

39. After a period of uncertainty that followed the Brussels Ministerial Meeting negotiations in the Uruguay Round were proceeding again and participants were looking forward to a positive outcome as soon as possible. A successful conclusion would encourage the further integration of developing countries into the multilateral trading system and would provide a stimulus to world trade and a basis for sustainable growth and structural change until the end of the century and beyond.

40. Group B welcomed developments in Central and Eastern European countries and would continue economic cooperation with them and consolidation of their democratic achievements, but reaffirmed that its support for them would not be at the expense of Group B's commitment to the development of the developing countries.

41. During the 1980s, world economic growth had proceeded for the longest continuous period since the end of World War II, slowing somewhat to an average of 2.8 per cent for 1990. While trade had expanded at a healthy rate of 6 per cent during 1990, within the developing world, fundamental differences in economic performance and policies had gradually emerged. One important factor to bridge the gap would be increased South-South trade.

42. In the developing and the Central and Eastern European countries the situation had been harder, due to the many years of inefficient economic management. Looking ahead, there were positive signs as the Gulf war had ended a successful outcome of the Uruguay Round seemed within reach.

43. Environment had assumed major importance for the whole world and most sectors of economic activity were, directly or indirectly, linked with it. It was only for UNCTAD to focus on research and activities related to the environmental aspects of trade and development. Sustainability should be the objective of every country in its development efforts and the useful deliberations of the recent Oslo Seminar should be taken into account.

44. One of the recent subjects of discussion in UNCTAD was that of good management, a relatively new item, regarding which considerable efforts were being made to clarify its different aspects. The recent Caracas seminar was a useful initiative of the UNCTAD secretariat which allowed the issue of good governance to be addressed. On a related subject the South Commission Report mentioned the needs for "a more open discussion of the extent of corruption and its detrimental effects on development and society".

45. Group B considered the issue of major significance in order to enhance national policies in using the available resources effectively, and it should be kept under review in preparation for UNCTAD VIII.

46. Notwithstanding continuous and strenuous efforts by many African Governments, the overall African economic situation was weak. The impact of the Gulf war had undoubtedly had adverse effects on most African economies. Members of Group B reaffirmed their commitment to supporting African nations, so that they were enabled to implement the necessary reforms in conformity with their commitments under UN-PAAERD.

47. Reiterating Group B's satisfaction with the successful outcome of the Paris Conference he said that it led to an agreement on strengthened partnership based on mutual commitments but an assessment or review of the implementation of the Programme of Action of this Conference during the current session seemed somewhat premature.

48. Group B approached the current session with open mind and willingness to cooperate constructively with all parties for a positive outcome,

particularly as Governments moved towards UNCTAD VIII, a major economic meeting which could give new impetus to solidarity and partnership between the developed and the developing countries.

49. The representative of the Union of Soviet Socialist Republics said that UNCTAD VIII should be the main event in the field of global economic cooperation in 1991, and it was therefore a matter of serious concern that the venue and dates for the Conference had not been settled. Negotiations on the draft final document of UNCTAD VIII should begin as soon as possible, within the framework of ad hoc negotiating groups and brief special sessions of the Board, as necessary. UNCTAD should continue to serve as the main subsidiary body of the General Assembly in the field of trade and development, and in particular it should play a key role in the implementation and review of the International Development Strategy for the 1990s. An item on UNCTAD's contribution to the Strategy should be included in the agenda for regular sessions of the Board. The final document of UNCTAD VIII should be drafted taking due account of aims and provisions of the Strategy.

50. With regard to countries undergoing transition towards a market economy, he confirmed that the USSR was formally pursuing its goal of converting to an economic system based on the extensive use of market relations and becoming an integral part of the world economy. In adjusting its work on Eastern European countries, UNCTAD as a universal organization and its secretariat should preserve the relevant coordinating and analytical structures, at least for a transitional period, and thus should be reflected in the 1992-1993 work programme. Indeed, some of these structures should be enhanced through the recruitment of new exports able to work from primary sources.

51. On the question of protectionism, his country was concerned by the continuing use of protectionist measures, including quantitative restrictions, and the trend towards the increase of use of non-tariff measures. It was therefore hoped that the Uruguay Round of MTNs would quickly reach a successful conclusion, and UNCTAD should examine the possible consequences of the outcome of the Round for world trade.

52. Some developing countries feared that the changes in East-West trade relations could take place at their expense. However, these changes would open up new opportunities for mutually advantageous economic activity and would enhance world economic relations, and that was in the interests of developing countries. In addition, his country's new tariff legislation, to be adopted in 1991, envisaged favourable conditions for goods imported from developing countries under the generalized system of preferences. The liberalization measures taken by Western countries in relation to their trade with certain Eastern European countries had barely affected the Soviet Union, and progress was slow. In particular, the agreement reached with the United States on most-favoured-nation treatment had not yet entered into force.

53. With regard to structural adjustment, the issue of converting military sectors of the economy could be discussed, in its trade-policy and foreign-trade dimensions, within the context of the Board's regular consideration of interdependence.

54. Concerning Africa, although many of the goals of UN-PAAERD had not been attained, the Programme had played a positive role in terms of mobilizing efforts. With regard to the LDCs, the outcome of the Paris Conference, as reinforced by the Declaration adopted at the eighteenth special session of the General Assembly, provided a good basis for the harmonization of the internal and external conditions of development of LDCs.

55. His country favoured the idea of a comprehensive world market and recognized that it bore a share of the responsibility for ensuring that all parts of the world economy worked in a normal fashion. In that connection, assisting developing countries according to its possibilities remained an important element of the Soviet Union's foreign and economic policy.

56. The representative of Australia said that it was fortunate that the stalemate in the Uruguay Round was over and that negotiations were now back on track. The success or failure of the Uruguay Round was of vital importance, especially to developing countries and to small- and medium-sized economies. The experience of Brussels proved that the negotiations could not be concluded before there was a credible package of results in all areas.

57. Australia had taken an active role in the Round and was seeking comprehensive and balanced results which would build a coherent GATT framework strengthening existing rules and ensuring that GATT continued to be effective in the traditional areas of market access. As the "engine of world growth" for the last four decades, international trade required the stability and predictability of an effective framework of internationally respected rules and a demonstrated and continuing commitment to liberalization.

58. The enhancement of domestic economic management was fundamental to increased trade competitiveness. Australian structural adjustment policies in recent years had been directed primarily towards the internationalization of the Australian economy. Australia's twin objectives were to reduce or eliminate those structural distortions in the economy which constrained efficiency and productivity, and to encourage the development of a more diversified and export-oriented economy. To achieve these objectives Australia had undertaken a wide range of microeconomic reforms.

59. An increasing number of countries, particularly in Central and Eastern Europe and in Latin America, were also witnessing major economic reforms and programmes of structural adjustment. It was important that this progress be consolidated through concurrent advances in the multilateral trading system, in particular through reforms under negotiation in the Uruguay Round.

60. He reaffirmed his Government's continuing commitment to reducing levels of assistance to industry and to encouraging structural adjustment. His Government had just announced a further series of market opening measures to improve Australia's economic competitiveness, including further reductions in the general level of assistance to the manufacturing sector from 10 per cent and 15 per cent rates in 1992 to a general rate of 5 per cent by 1996. Further reductions would also take place in the sensitive sectors of passenger motor vehicles and textiles, clothing and footwear.

61. By the end of the decade, the average nominal rate of industry assistance in Australia would be down to 3 per cent. Such dramatic reductions in general rates of protection must also take account of developments in the relative competitive positions of suppliers. Accordingly, preferential tariff rates for Singapore, Taiwan, Province of China, Hong Kong and Republic of Korea would be frozen and preference margins progressively phased out as the general rates moved down. All these difficult decisions had been essential to promote a more open market in Australia and make Australia a more competitive supplier in the international market.

62. Successive decisions to reduce protection had signalled Australia's commitment to trade liberalization. His Government's determination in this regard contrasted sharply with the continuing reluctance of some major economies to give more impetus to the process of structural adjustment in sensitive sectors.

63. Referring to item 5, he said Australia had welcomed the Conference on the LDCs, which provided the first opportunity to translate the outcome of the special session on the revitalization of growth and development into a practical programme of action for those countries which had particular development problems.

64. His Government intended to seek greater recognition of the specific problems confronting small island States whose development potential was severely hampered by geographic constraints.

65. As to item 4, Australia was deeply concerned by the persistence of the critical economic situation in Africa and welcomed UN-PAAERD as an important initiative. Trade barriers to products of export interest to African countries were significant and had increased in the past 20 years. They now constituted a major disincentive to economic reform and diversification in Africa. The report of the Secretary-General's Expert Group on Commodity problems provided valuable recommendations for consideration by African Governments and the international community in increasing market access for products of interest to African countries.

66. Given that African Governments operated within extremely tight budget constraints, Australia strongly supported the Expert Group's recommendation that the UNDP coordinate the development of a commodity sector strategy and policy package.

67. The representative of Switzerland said that UNCTAD VII and the launching of the Uruguay Round had been turning points in the history of international trade policy. The end of the 1980s had seen UNCTAD embarking upon a more concrete dialogue, the renewed commitment of a large number of developing countries on the international scene and in respect of internal liberalization, and liberalization in Central and Eastern Europe. In response, the industrialized countries must further improve access to their markets, in particular through the Uruguay Round.

68. Although the Uruguay Round was not completed, a final outcome was within reach. A trade truce was widely in evidence, as reflected in the limited use of unilateral protectionist measures and the standstill in the number of NTMs

affecting developing country exports in particular. Of course, all countries must contribute within their possibilities, to establishing a predictable multilateral framework for the further expansion of trade.

69. The MTN results obtained at Montreal and subsequently had led to a certain liberalization of trade, for example in tropical products. In that connection, it was surprising for the UNCTAD secretariat to treat multilateral progress of this sort as a threat for some developing countries because of the erosion of preferential margins. MFN concessions were of much greater value than the illusory security provided by autonomous and non-reciprocal preferences, and in fact in GATT developing countries almost always asked his country for MFN concessions, not GSP concessions. Of course, Switzerland had no intention of reducing the scope of its tariff preference scheme.

70. One issue of great concern was the increasing marginalization of the poorest developing countries, particularly in Africa, as a result of the lesser growth of the commodities sector and deteriorating terms of trade. The solutions to the problem must include diversification, technical and financial assistance, and trade policy initiatives. His country would be ready to help developing countries in terms of both market access, especially for tropical products, and involvement in new areas such as services and TRIPs.

71. With regard to UNCTAD VIII, it was hoped that the venue and dates would be determined at the Board's current session, since the uncertainty that existed at present could affect UNCTAD's credibility. UNCTAD VIII should consolidate the gains of UNCTAD VII, in particular concerning the common perception of trade and development problems and the question of interdependence. Attention should be concentrated not on sectoral or institutional issues but on the links between those issues and on the balance between, for example, national policies and the international environment or the role of the State and that of the private sector. The concept of joint responsibility established at UNCTAD VII should be developed into a veritable partnership in trade and development policy.

72. The representative of Uruguay said that the end of the 1980s had marked the beginning of a new and auspicious era in international relations. The dismantling of ideological frontiers had allowed political consensuses, unthinkable only a short time previously, to be reached within the United Nations while the re-establishment of the State based on law and democratic institutions in many parts of the world, including Latin America, had gathered momentum. Nevertheless, the recent hostilities in the Persian Gulf demonstrated the very great fragility of the current situation. The disappointing set-back of the Brussels negotiations proved that acute tensions persisted in international trade and had prevented the reform of the international trading system. Coexistence in a framework of juridical stability under a strengthened United Nations system was the only way to realize the objectives of the San Francisco Charter.

73. It was also necessary to lay down a more just and equitable basis for international economic relations. Prosperous developed States coexisted with others whose history had led to poverty, malnutrition and the other ills of underdevelopment.

74. What form could a new era in international economic relations take if protectionism continued to prevent the export of developing countries' products to the markets of the world's richest countries? The developing countries aimed to form part of an interdependent world which would allow them access to developed country markets, scientific knowledge and technology. The developed countries should understand that it was to their advantage to have the developing countries as reliable partners in terms of mutual benefit.

75. Correction of the imbalances among nations required a joint effort by all States and no opportunity for dialogue should be overlooked.

76. Reviewing the items of the current agenda, he said that UNCTAD VIII would take place against a background of changes in international relations and should be exploited to achieve compromise solutions to the major issues on its agenda. Delegations should work to that end through pragmatism and the avoidance of rhetorical dogmatism. Only concrete and specific solutions would allow the results of UNCTAD VIII to be regarded as successful. To achieve such solutions, the work of UNCTAD VIII should be focused from the outset on specific areas requiring solutions. The Group of 77 itself should make every effort in this task to submit concrete proposals.

77. UNCTAD continued to be a forum peculiarly qualified to bring an interdependent perspective to bear on problems of trade, money and finance and development. If the organization was to be strengthened, there must be an examination of its role in a world whose dimensions and realities had changed since UNCTAD was founded. The 1990s would present the organization with a challenge to adapt itself to changing realities. This was also a task to be taken up at UNCTAD VIII.

78. The international community was at a historic moment when it must reaffirm its commitment to multilateralism, reinforcing and confirming the auspicious changes which were enhancing relations among States. It was Uruguay's strongest desire that this new era would awaken a renewed sense of solidarity which would strengthen international cooperation.

79. The spokesman for the Group of 77 (Jordan), referring to the issue of "corruption" which Group B had sought to link to the issues of "good governance" and "good management", recalled that his Group had already indicated at the time of the adoption of the agenda for UNCTAD VIII that it did not agree with Group B's interpretation of the term "good management". He therefore wished to re-state his Group's position, which was:

(a) "Corruption", whether in developed or developing countries, was neither on the agenda of UNCTAD VIII nor part of UNCTAD VIII's mandate. Hence, a unilateral attempt to bring it into the development dialogue in UNCTAD was not acceptable to the Group of 77.

(b) Dealing with the extent and problem of domestic corruption in developed and developing countries was a matter for the crime prevention authorities in these countries and could not be a subject for multilateral dialogue or negotiations on development cooperation.

(c) To the extent that this subject had an international dimension, it should and was being dealt with in the context of the Committee on Crime Prevention in Vienna and the International Narcotics Commission and maybe in the context of the Code of Conduct for Transnational Corporations.

(d) UNCTAD's basic mandate, as defined in General Assembly resolution 1995 (XIX) was to promote accelerated economic growth, trade and development, especially of developing countries. Development was by definition a comprehensive concept but was also a positive one.

(e) It was the sincere belief of the Group of 77 that any discussion in UNCTAD on corruption in developed and developing countries would not only vitiate the atmosphere but would degenerate into mutual recrimination which would destroy, not build, the spirit of cooperation and realization of interdependence which it was first and foremost the role of UNCTAD to foster.

(f) Suggestions for treating "corruption" as an issue in the development dialogue raised serious concern about the intentions of his Group's dialogue partners. Was there an attempt to divert attention from the traditional agenda of the dialogue or from their own responsibilities towards the development of developing countries?

(g) The South Commission report had been quoted to justify a discussion in UNCTAD on "corruption". The reference to corruption in the report was in the context of the South's own introspection into problems it faced and its sovereign will and determination to cope with these problems, such as corruption. It was not a matter or a subject for a North-South dialogue. If, indeed, Group B attached importance to the South Commission and its recommendations, it should turn to the section on North-South issues where the South Commission identified a number of important policies, measures and strategies aimed at accelerating the development of developing countries. His Group expected its development partners to take those up and respond positively to them, especially to the six-point Global Programme of Immediate Action, and to the suggestions for the reform of international institutions.

80. The representative of the United Republic of Tanzania felt that it would be a severe set-back to the process of developing a meaningful consensus if the arguments and analysis put forward by the various spokesmen for the Group of 77 fell on deaf ears. A positive contribution in concrete terms by the Board towards meeting current challenges would serve to underline the Board's relevance. If issues of market access and development were treated as of little concern to policy makers of industrialized countries a corresponding signal would be received by the developing countries. The question facing the latter was not whether but how to use their individual and collective capability, in the face of increasingly narrowing options.

81. The Secretary-General's underlining of interrelationship between trade, investment, technology and services was timely. His reference to economic security being an integral component of common global security, could only be understood to mean that security was indivisible. Without economic security there would not be security as such anywhere. High-tech militarization, or coercion by using trade and technological leverage could only be counter-productive.

82. In the final event it was the prices of essential hardware and input that carried the cost of militarization and of the research and developed effort behind it. Conflicts such as Viet Nam or the Gulf extracted a heavy price from the developing countries in other ways, including drying up capital and resources for assisting development efforts.

83. His delegation could only regret that the Group B statement, representing countries accounting for nearly 80 per cent of global trade and consumption, had failed to address the many burning issues voiced by the spokesmen of the Group of 77. His delegation was not sure if Group B had completely weighed up the implications of its suggestion to include corruption in the agenda for UNCTAD VIII.

84. Wholly endorsing the South Commission report's statement under the heading "Corruption", his delegation believed that, as long as there were rich and poor in a society, there would be strong incentives to take short cuts. But it rejected categorically the suggestion that corruption in the South be put on the UNCTAD VIII agenda. If corruption was to be placed on the international agenda, let those so manifestly concerned by the international spread of this poison bring a resolution before the General Assembly calling for the appointment of a commission of international jurists to study in depth the nature and magnitude of corruption globally and properly defined, of the causes of such corruption, and the remedies they proposed, taking into account the level of development of and administrative equipment available to a given member country. He would have been greatly encouraged had Group B pronounced itself on the North-South aspects of the South Commission's report in the context of trade and development. Group B's statement on item 2 said nothing new. Yet again, virtues of the market were being extolled and urged upon the developing countries, while managed trade, monopolization of technology and intervention though a wide scope of non-tariff devices continued. To be credible, words would need to be backed by actions.

85. His delegation had been encouraged, in the context of the South Commission's urging much greater and deeper South-South cooperation in the economic field, to note that at its first meeting, a group of 15 developing countries at the summit level agreed to implement: (i) a financial mechanism for the promotion of trade among South countries; (ii) an Investment, Trade and Technological Data Exchange Centre of the South; and (iii) a business and investment forum.

86. The Summit meeting had also encouraged initiatives in the fields of cooperation in food security, population and family planning, the groundwork for the second round of negotiations on the Global System of Trade Preferences among developing countries, the GSTP, establishment of a Gene Bank among developing countries, external debt, and the capacity to deal with multilateral financial institutions on issues of debt and loans, as well as other initiatives.

87. As to UN-PAAERD and SNPA, he expressed concern that there was a substantial gap between promises and understandings and actual delivery on the part of the industrialized North as a whole. The understandings themselves were a greatly watered-down outcome of negotiations, against the backdrop of clearly perceived substantial needs of the historically marginalized

countries, and the contrast between expectations and performance was almost callous. The least developed countries were history's guinea pigs undergoing prescribed forms of structural adjustment, when in fact theirs was a predicament as large as life itself.

88. His delegation reiterated its hope that the concerns of the developing countries would be taken to heart seriously and in time, if an irreversible trend to despair and bitterness and to what might lie beyond it was to be avoided.

89. The representative of Kenya observed that the global recession, worsened by the Gulf crisis, threatened to stall and even to reverse the progress the developing countries had made in the past few years. The increase in Kenya's import bill for crude oil alone would utilize all its annual earnings from tourism. The economic situation in Kenya was thus already acute on account of numerous intractable problems and Kenya's economic reforms would be subject to increasing pressures on account of the crisis. If Kenya was to pursue the reforms with the same vigour and commitment its richer development partners would have to demonstrate a spirit of cooperation similar to that demonstrated in countering the Gulf crisis.

90. Many African countries had been engaged in courageous reforms to restructure their economies. Kenya had been implementing a long-term strategy since 1986 with the theme "Improved Economic Management for Renewed Growth". To enhance the private sector, measures had been taken to improve the investment environment. Commercial banking reforms had created competition and eliminated non-performing loans and the persistence of negative real interest rates. Kenya was committed to pursuing the reforms.

91. The debate on protectionism and structural adjustment should be about the liberalization and expansion of the global market as well as the ways and means of accelerating the development of developing countries' export trade. Efforts such as those of Kenya were a contribution to this process.

92. The rich industrial countries had a special duty to Africa. The level of economic activity in those countries automatically altered the levels of economic activity in Africa. Development and economic adjustment was a shared responsibility. However effective economic policies were in Africa, success would be minimal unless the programmes were adequately supported by the rich industrialized countries.

93. In this context, Kenya welcomed the revival of the Uruguay Round but was disappointed that the rich countries had demonstrated a lack of will to reform at a time when the poor countries had finally mustered the will to do so. Although the Uruguay Round was meant to reaffirm faith in multilateralism, the threat of the establishment of trading blocs appeared to have become the trend. Liberalization of trade had accelerated world economic growth despite the assymetries in the benefits accruing from it.

94. The growing disparity between the developed and developing countries highlighted the disorder, inequity and insecurity in the international trading system. Commitments to halt protectionism had not been honoured by the developed countries. A number of European countries had or were contemplating

imposing taxes on coffee and cocoa, products crucial to the development of many small developing countries in Africa. The developed market economy countries should lead the way to stimulate economic growth in the world as in their domestic economies.

95. Kenya recognized that good governance should be cautious and pragmatic in approach. Apart from taking economic structural adjustment by the horns sub-Saharan Africa was being asked to practice pluralism in political organizations. This externally prescribed good governance was advocated despite the glaring turmoil in a number of African countries whose root causes were ethnicity. Kenya knew what was good for its society. The principle of good governance had been however linked to aid and foreign direct investments without working out a policy.

96. The present African social structures had not been altered for many centuries; the full-blown colonial period had been brief. The black African societies shared three characteristics: authoritarianism; concentration of loyalty within kinship groups; and successions to leadership were not yet conflict free.

97. These factors continued to be the chief determinants of African political systems. The one-party State had arisen as a result of the present social structure and, more so, as a result of super-Power rivalry in the 1960s. The aid donors and the super-Power politics operated on the above stage with a conspicuous lack of success. In Europe, feudalism had been the order of the day until the merchant class and the industrialists had come onto the scene. Pluralism restricted to the élite had then been practised for many generations. In Africa, Governments were trying to compress centuries of history into decades. The multi-party system in Africa was distinctly dissimilar to the typical Western political systems, because it had no social structure to sustain interest groups, that would be the pillar of a genuine multi-party system. Nevertheless, urbanization and industrialization were taking place and the urban market was expanding and reshaping the social and economic structures.

98. The current system of technology transfer to developing countries was extremely unsatisfactory. Developing countries had courageously taken the necessary steps to attract direct foreign investment and transfer of technology, and yet very little transfer of technology was taking place. Unless the international community undertook to cooperate, the prospects for third world technological development would remain elusive.

99. Freedom from the political, economic and psychological constraints that had been the source of misundersanding and disputes in the past was the needed point of departure towards the creation of the new order that would generate collective development as much as collective security.

Chapter II

PROTECTIONISM AND STRUCTURAL ADJUSTMENT AND, IN CONJUNCTION THEREWITH, OUTCOME OF THE URUGUAY ROUND ON DEVELOPMENTS AND ISSUES OF PARTICULAR CONCERN TO THE DEVELOPING COUNTRIES, IN ACCORDANCE WITH PARAGRAPH 105 (8) OF THE FINAL ACT OF UNCTAD VII

(Agenda item 2)

100. For its consideration of agenda item 2, the Board had before it the following documents:

- Problems of protectionism and structural adjustment (TD/B/1282) - report by the UNCTAD secretariat;
- *Idem*: Statistical and information annex (TD/B/1282/Add.1) (English only);
- Information provided by States members of UNCTAD for the annual review by the Board on protectionism and structural adjustment - note by the UNCTAD secretariat (TD/B/1283 and Add.1 and 2) (English and French only);
- Costs and consequences of non-tariff measures which adversely affect exports of developing countries - report by the UNCTAD secretariat (TD/B/1284);
- Developments and issues in the Uruguay Round of particular concern to developing countries - note by the UNCTAD secretariat (TD/B(XXXVII)/CRP.5 and Corr.1).

Consideration in Sessional Committee I

101. The *Director and Associate Coordinator*, *International Trade Programmes* said that it was important to ensure that the impetus which the rapid growth in earlier periods had given to the adoption of forward-looking policies to deal with protectionism and structural adjustment issues be sustained, notwithstanding the deceleration in the output, employment growth and trade volumes witnessed in 1990 and forecast for 1991. Although recourse to trade restrictions continued without noticeable relief, several specific instances of trade actions taken in 1990 provided positive evidence of the willingness of governments to respond to the needs of countries, including those in Eastern Europe. These countries, which had adopted far-reaching and often painful measures to integrate their economies in the international monetary and trading systems, had benefited from improved conditions of access in Western Europe and the United States.

102. As for developing countries, available evidence suggested that most of the restrictions which had existed before the launching of the Uruguay Round were still in force at the end of 1990. The share of trade covered by such restrictions had not diminished to any significant extent: key areas of export interest to developing countries - particularly textiles and clothing,

agriculture, tropical and resource-based products and certain categories of manufactures - continued to face a variety of trade-distorting measures in the major markets. The consequences of these measures against developing countries imposed heavy costs all round. In developed countries they had the effect of protecting inefficient sectors, taxing consumers and limiting structural adaptation, while in developing countries that were seeking to diversify their productivity structures and trade patterns, they had the effect of retarding much needed investments in the sectors concerned and impeding the process of liberalizing their trade regimes.

103. He observed that the link between trade and environment had received considerable interest recently. With regard to market access aspects of the linkage and following on decision 384 (XXXVII) of the Trade and Development Board, the secretariat had recently revised the codification of non-tariff measures (NTMs) with a view, inter alia, to identifying more accurately measures taken on environmental and other non-commercial grounds. The secretariat was increasing its efforts to collect information on environmental regulations: in this connection, it would be helpful if member States could furnish information on such regulations and on the corresponding product coverage in the Harmonized System nomenclature.

104. Referring to the fundamental systemic reforms taking place in Eastern Europe, he said that these reforms would certainly have implications for trade and economic cooperation with developing countries, although not all ramifications could as yet be identified with sufficient accuracy. One configuration could be the creation of new export markets for developing countries in Eastern Europe. Another corollary of the changes under way might be the intensification of competition between producers in Eastern Europe and the USSR and those in developing countries in the markets of the industrialized economies, in particular in Western Europe. The secretariat report (TD/B/1282) attempted to examine these two configurations.

105. Whatever the future course of events, no dramatic implications could be expected for the trade prospects of developing countries in the short term. Foreign exchange shortages and severe external indebtedness would, in the short run, restrict the capacity of countries in Eastern Europe to expand their imports significantly. Moreover, owing to considerable supply difficulties in the productive base of countries in Eastern Europe, it appeared unlikely that these economies would in the short term be able to generate exports which were large enough to replace exports from developing countries in world markets on a substantial scale.

106. There were indications of a growing realization among the developed market-economy countries of the unsustainable financial burden of their agricultural and industrial policies. However, this growing awareness had still to be translated into positive policy responses. More determined efforts were called for to promote positive adjustment leading to an improved allocation of productive resources. Such a process would enable the developed countries to take advantage of less expensive imports from developing countries, and to seize the new export and investment opportunities that this same process created. In the developing countries, industrial and export policies were normally designed in response to the need to improve and develop further the supply capacity of the productive base, rather than to restructure

production sectors which had become uncompetitive. In this context, it was encouraging to note that, since the early 1980s, a growing number of developing countries had pursued policies aimed at increasing the openness of their economies. Such policies, judiciously dovetailed to the specific economic conditions and development objectives of individual countries, could make a significant contribution to developing the economic base and strengthening its international competitiveness. The success of national policies in the developing countries aimed at export expansion and diversification was, however, also dependent on the existence of favourable conditions in the international economic environment.

107. Turning to the Uruguay Round negotiations, he said that the period since the conclusion of the Trade Negotiating Committee at the ministerial level in December 1990 had helped focus attention on the dangers of letting the international trading system drift, thus permitting the resurgence of protectionist pressures. The period since December had also provided a fresh opportunity to Governments to consider - in a relatively detached way - the shape of the final package and the desirability of arriving at a consensus which reflected the diverse concerns and priorities of the international trading community. The extension provided a further opportunity to ensure that the balanced outcome sought by all participants in the MTNs was in fact realized.

108. He recalled that, throughout the negotiations, developing countries had accorded priority to obtaining more liberal and more secure conditions of market access for their products, seeking specific concessions with respect to tariffs and non-tariff measures and strengthening multilateral rules, principles and disciplines to reduce the possibility of restrictions on, or harassment of, their trade. In return, many developing countries had contributed significantly to achieving the Round's objectives by implementing unilateral trade liberalization measures and acceding to the General Agreement on more strict terms, in particular the binding of their tariff duties. He added that the attainment of a balanced outcome, which everyone agreed must take into account the interests of developing countries, should include the following:

- A package of concessions on the market access issues, including real opportunities for expanding developing-country exports. Developing countries should receive credit for their unilateral trade liberalization measures;

- An agreed programme for the reintegration of trade in textiles and clothing into the GATT;

- A comprehensive reform of trade in agriculture, which would provide all countries with improved and secure access to markets for their agricultural exports, while containing specific and operational provisions which recognized the special role of agriculture in the economies and societies of developing countries and which mitigated any negative impact on net food-importing developing countries;

- Fullest liberalization of trade in tropical and natural resource-based products;

- A comprehensive agreement on safeguards, which imparted stability and predictability to international trade, and which excluded the possibility of discriminatory action in violation of the unconditional most-favoured-nation principle;

- Strengthened rules governing the application of anti-dumping and countervailing measures which would eliminate the scope for harassment of developing-country exports;

- Agreement on TRIPs (trade-related aspects of intellectual property rights) should promote developing countries' access to technologies and the development of indigenous technology;

- A multilateral framework for trade in services based upon the most-favoured-nation treatment and universal coverage. Liberalization commitments by developing countries should be linked to progress in the development of their domestic service sectors.

109. The spokesman for the Group of 77 (India) stated that the annual review of protectionism and structural adjustment assumed a special significance this year at the threshold of a new decade with new challenges facing the world economy. Far-reaching structural changes were taking place in the area of international trade. These included the restructuring of East European economies and the move towards greater economic integration among the major trading entities such as the single EEC market, the United States-Canada Free Trade Agreement and a similar possibility in the Asia Pacific region. The preparations for UNCTAD VIII also added a crucial dimension to this annual review as it would provide a thrust that would contribute to the success of the negotiations at the Conference.

110. The scenario of trade growth at the global and regional levels, as outlined in the UNCTAD report (TD/B/1282), spoke for itself. The downward trend in the growth of world trade had been further accentuated in 1989 when its volume had grown by only 7 per cent, compared to 9 per cent in 1988. According to the estimate of the UNCTAD secretariat, this growth rate would further decelerate in 1990, perhaps to the level of 5 or 6 per cent.

111. At the regional level, the picture became still more disheartening with the negative impact falling largely on the weaker partners of the international community. The growth of exports from developing countries had declined to 6 per cent in 1989 from 9.6 per cent in 1988, while developed market-economy countries had registered export growth of 7 per cent in 1989 compared to 8 per cent in 1988. This downturn had apparently continued in 1990, giving cause for serious concern. The exports from Latin America and Africa had declined more drastically compared to exports from South and South-East Asia.

112. The contraction of world trade and output evidently suggested that the international trading environment had not shown any sign of improvement. The trends towards unilateralism and bilateralism in trade relations continued to intensify with a detrimental influence on the global trading environment, particularly on the weaker trading partners. It was indeed a positive move that no retaliatory action had been taken by one major industrialized

trading country under its legislative provisions known as "Super 301". However, 23 countries remained on the "watchlists" in its "Special 301" provisions. Such a recourse to unilateralism eroded the credibility of the multilateral trading system.

113. The drift towards managed trade and market sharing arrangements had substantially distorted trade flows and placed developing countries in a more disadvantageous position. The trading system continued to be characterized by lopsided growth, progressive fragmentation, persistent instability and the lack of multilateral discipline. These factors accentuated the existing asymmetry between the developed and developing countries.

114. From the documents prepared by the secretariat it could be seen that a comparatively smaller number of trade-restricting measures had been introduced by the developed countries in 1990. This, however, did not give cause for any optimism because the basic situation on trade restrictions being faced by developing countries remained essentially the same. In fact, as was shown in table 1.6 of TD/B/1282/Add.1, the bulk of restrictions aimed at developing countries before the launching of the Uruguay Round continued to remain in force. Unfortunately, there was no progress towards implementation of rollback commitments for the benefit of developing countries. The analysis by the secretariat also brought out the fact that the share of trade covered by such restrictions had not diminished to any significant extent. Despite the high hopes generated by the Uruguay Round negotiations, 1990 had been marked by the absence of any meaningful liberalization measures in favour of developing countries. On the contrary they continue to be selectively discriminated against in the major export sectors such as textiles and clothing, agriculture, and other sectors where they had a comparative advantage.

115. Another worrying factor was the increasing trend in the use of anti-dumping and countervailing measures for protectionist purposes. Although the overall number of newly initiated anti-dumping and countervailing duty actions had apparently not increased during the year under review, in most countries the number of outstanding cases had not diminished to any significant extent. On the contrary there had been an increase in the major industrialized markets such as EEC and United States in the number of cases brought against developing countries. The disconcerting fact also remained that the number of investigations against developing countries had increased from 17 per cent in 1980 to over 40 per cent at the end of the decade, which had caused severe trade harassment and depression.

116. The analysis in document TD/B/1282 underlined the fact of persistent use of non-tariff measures against developing countries on a selective basis. This analysis revealed that there was relatively greater discrimination against imports from developing countries through the application of non-tariff measures than against imports from the developed market-economy countries. Also, these NTMs were imposed in those sectors where developing countries had acquired a competitive advantage, such as textiles and clothing, leather and footwear. The share of imports from developing countries adversely affected by NTMs was also high compared to other countries in agricultural raw materials and animal and vegetable oils.

117. Non-tariff measures applied against developing countries had been higher in relation to products with greater market penetration ratios. The trade coverage ratio of NTMs affecting the developing country non-fuel exports to developed countries had been as high as 22.4 per cent in 1990 and in certain crucial sectors as high as 40 to 70 per cent. Non-tariff measures had thus caused considerable trade losses, both in terms of market penetration and sustainability of market presence.

118. Voluntary export restraints, which were non-transparent and bilateral in nature, continued to be used as major policy instruments to protect domestic sectors and thus erode the dynamism of the international trading system. It was also a disconcerting fact that through the "grey area" measures of the multilateral trading system, the emerging competitive suppliers were denied market access. The Group of 77 was also concerned at the imposition of trade barriers on the pretext of environmental concerns. The Group believed that the establishment of environmental standards should take into account the broader developmental needs of developing countries.

119. The secretariat report (TD/B/1284) contained a useful analysis of the costs and consequences of non-tariff measures that adversely affected exports of developing countries. This report substantiated the discriminatory and trade-damaging characteristics of NTMs. The Group of 77 hoped that the seretariat would continue through such analytic work in future to promote the understanding of high-cost and wide-ranging adverse consequences of NTMs on both the importing and exporting countries, so that the policy makers were eventually motivated against pursuing such self-damaging measures.

120. The discriminatory trend against developing countries was equally evident with regard to tariff barriers. In some major trading countries, the tariff treatment of developing countries on the whole continued to be less favourable than that afforded to other developed countries. The new developments, such as free-trade agreements among developed market-economy countries and granting of preferential status to countries in Eastern Europe, had the potential of exacerbating the discriminatory disadvantages for developing countries and had added to the inequities between tariffs against developed and developing country exports in major markets. It was also a disconcerting fact that the incidence of tariff escalation was higher in relation to industrial products in which developing countries had, or were likely to have, comparative advantage. Ironically, this discouraged and penalized the efforts of developing countries towards industrialization and diversification of production and trade.

121. Turning to the problems of structural adjustment, he noted that no significant progress had been made in the developed countries in adjusting to changing competitive positions over the past year. While the pace of structural adjustment had accelerated tremendously in the 1980s, there was still no convincing evidence of commensurate efforts on the part of developed countries to adjust to structural changes. It was imperative that they undertake adjustment policies on a broad scale to ensure a smooth and efficient reallocation of factors of production towards new areas having competitive edge. More often than not, Governments in the developed countries had succumbed to pressures from highly visible interest groups and had resisted structural changes and thus tried to protect inefficient and

non-competitive sectors of production. As a consequence, the process of restructuring in the developed market-economy countries continued to be thwarted in such sectors as textiles and clothing, agriculture, consumer electronics, iron and steel, footwear, etc. The export earnings of many developing countries were heavily - in some cases solely - dependent on one or two of these sectors. The policies of developed countries towards imports of textiles and clothing had been the most restrictive among all industrial sectors. Bilateral quotas and voluntary export restraints (VERs) within the MFA had increasingly affected individual countries and products as soon as such export capacities had emerged. GSP benefits in this sector were restricted through exclusions, ceilings and tariff quotas.

122. Agriculture was the other major sector on which developing countries were heavily dependent for export earnings and where formidable degrees of protectionism applied. The comprehensive details of trade-distorting factors in this sector were provided in paragraphs 67 to 81 of TD/B/1282 and there was no need to go into details. Suffice it to say that the cost of agricultural support measures imposed on taxpayers and consumers in OECD countries amounted to roughly US$ 251 billion in 1989, which gave an idea of the enormity of protectionism in this vital sector.

123. The developed countries would not gain in the long run by the perpetuation of their prevailing industrial structures. A dynamic process of change and adaptation involving a continuing shift of factors of production from less productive to more productive activities would enhance the resilience and growth of their economies and would transmit positive growth impulses to the world economy and to the development of developing countries. On the other hand, it should not be overlooked that new jobs were constantly being created in the developed countries as a result of their exports to the developing world and, in fact, such exports contributed significantly to economic growth in the industrialized countries. These exports were bound to suffer, if resistance to structural changes thwarted the export prospects of the developing countries and curtailed their foreign-exchange earnings and their capacity to purchase capital goods and other manufactures from the developed economies. The fact could not be over-emphasized that all countries had a common stake in promoting a process of structural adjustment and economic development which enhanced complementarity among economies and thereby accelerated the growth of international trade.

124. As the focus turned to review the trade actions in developing countries in the context of both protectionism and structural adjustments, he was glad to observe a contrasting picture which needed to be emulated. In the past year developing countries had further intensified their efforts to introduce autonomous trade-liberalization measures. This attested to the fact that developing countries were making substantial contributions to the opening up of markets and to trade expansion. They had persisted in these liberal measures despite the acute debt and balance-of-payments problems they faced, as well as the enormous socio-economic and political cost they endured as a result. These efforts should be recognized by the international community and the best way to do so was to give developing countries credit in the negotiations for the substantial contributions they were making. The structural reforms and the trade liberalization measures in developing countries would be utterly defeated if external support was not forthcoming

from the developed partners in terms of supportive policy actions, inter alia, to provide improved market access and resources both for alleviating the burden of these reforms and for trade financing.

125. The Group of 77 noted with interest the process of far-reaching economic reforms in the countries of Eastern Europe and the USSR, which would integrate these countries into the world economy and open up their markets. His Group believed that in the long run this process would have a rather positive effect on international trade. He also noted the trade liberalizing measures taken by OECD countries in favour of countries of Eastern Europe to facilitate this process. At the same time, care had to be taken to ensure that preferential treatment and other similar measures did not undercut the trade prospects of developing countries whose needs and problems were equally daunting. At the moment, unfortunately, owing to various factors, the volume of East-South trade was diminishing. His Group was aware of the difficulties experienced by the countries in Eastern Europe during this transitional period. However, he believed that urgent measures should be taken to maintain and expand the trade flows between the countries in Eastern Europe and developing countries and to offset the trade diversion effect on developing countries. There was a need for an ad hoc intergovernmental mechanism in UNCTAD to review and promote trade and economic relations between developing countries and countries in Eastern Europe during this critical transitional period. This ad hoc mechanism could possibly be convened after UNCTAD VIII. Also, at the secretariat level, there was a need for an ad hoc focal point to coordinate activities and analyse the implications of economic reforms in Eastern Europe and of developments in East-West trade and economic relations on East-South trade and to identify possible means for promoting East-South trade for mutual benefit. The importance of technical assistance was crucial in this regard. The Working Party on the Medium-term Plan and the Programme Budget should take the necessary steps to ensure such a role for the UNCTAD secretariat within the existing resources.

126. He also noted with interest the background document concerning regional economic integration and free trade areas among developed countries, which had profound implications for the future prospects of developing-country trade. Such arrangements no doubt posed new challenges for developing countries. There was the promised trade-creation impact due to an increase in the GNP of those groupings which could provide expanded export opportunities. On the other hand, the possibilities of erosion of existing preferences and treatment enjoyed by these countries and of increased trade diversion among developed countries at the cost of the outsiders were very real. These arrangements would also bring about a fragmentation of the international trading system which would accentuate the marginalization of developing countries.

127. The volatility of the exchange rates of the so-called leading currencies had wrought enormous damage to the trade and development profile of a large number of developing countries, compounded by highly speculative capital flows bearing little relationship to either trade financing or long-term investment needs. Such footloose financial resources had only succeeded in making the medium of exchange itself a tradable commodity, thus making a travesty of the medium of exchange. The only beneficiaries were the speculators and the institutions which facilitated their transactions. Industrialized countries might be able to cushion the cost of such structural adjustment as they found

necessary to carry out at their own pace by means of exchange-rate fluctuations, but had they paused to assess the cumulative burden thus placed on developing economies for the past 15 years?

128. He observed that the LDCs' share in world exports had steadily declined from 1.4 per cent in the mid-1960s to its current level of a mere 0.3 per cent. The Programme of Action for the Least Developed Countries for the 1990s underscored the need for urgent steps to provide enhanced market access for all products of LDCs. It had been agreed that, within the framework of the Uruguay Round of MTNs, special attention should be given to the needs of LDCs by taking various measures such as advance implementation of MFN concessions, elimination or substantial reduction of tariffs and non-tariff barriers, and the fullest possible liberalization in textiles, clothing, etc. The Programme of Action also recognized that there was scope for further improvement of GSP schemes to assist the LDCs. His Group, therefore, urged the international community to ensure timely implementation of these measures.

129. In conclusion, he said that the multiple factors mentioned earlier in the context of protectionism and structural adjustment entailed enormous negative consequences for the economies of developing countries, particularly the ones which were heavily indebted and adversely affected by the recent crisis in the Middle East. At this critical juncture, it was imperative that urgent policy measures be taken to provide improved market access to these countries through the dismantling of protectionism and by making timely structural adjustments. The other way to help them was to improve the GSP schemes with measures such as expansion of both the product and country coverage, greater concessions, increased flexibility and simplification of rules of origin, exemption from quotas and ceilings, etc.

130. The spokeswoman for Group B (Switzerland) expressed the hope that the debate on this item would be constructive, and a useful step towards UNCTAD VIII. It was becoming increasingly difficult and probably inappropriate to limit a discussion on trade policies to the consideration of traditional trade measures. Indeed, the increasing interdependence of countries and of government policies was being accentuated by the globalization of economic activities, and held out the promise of further trade expansion in the future. The extent to which a single economy was integrated with other economies - neighbouring or more distant - could, through falling transaction costs, ease the process of shock absorption and enhance the opportunities to gain from trade and overall economic growth.

131. She noted that growth in world trade had been buoyant for several years in the 1980s and well in excess of overall growth rates. Now it was slowing down, but this fact should not be dramatized, as a strong upward trend could not continue indefinitely. As the world economic situation had become difficult, adjustments and reforms had faced more obstacles. Group B was aware of this problem, which was of crucial importance for developing countries, as well as for East and Central European countries. Indeed, her Group saw with appreciation that an increasing number of countries were shifting to a market economy, sometimes in a dramatic way. Everywhere, entrepreneurship, privatization, and the search for a new balance between the role of the State - certainly indispensable - and the private sector, were

creating a new climate. Therefore, Group B intended to encourage developing countries to continue to apply market-based policies. It also wished to remind those who were not yet convinced of the value of such policies that, despite all possible set-backs, these policies were, in the experience of Group B members, the best way towards sustained non-inflationary growth. It was therefore important to resist attempts to introduce protectionist measures that would be detrimental to the expansion of world trade and contrary to a sound market-oriented trading system.

132. The structural adjustment process went hand-in-hand with the liberalization process. In fact, impetus towards trade liberalization was at present also coming from countries whose past tradition had been to question liberal norms. It was those same countries which were undertaking successful structural reforms, as they went along with consistent macroeconomic management policies. As for the OECD countries, they would continue to make efforts at home for structural adjustment. Her Group believed that market policies fostered structural adjustment endeavours and would contribute to the success of the Uruguay Round negotiations.

133. Turning to the Uruguay Round, she recalled that, at its previous session, the Board had underlined the importance of a timely and successful conclusion of the Round. Since then, a tremendous amount of work had been accomplished in these difficult negotiations, whose successful outcome the OECD Council at Ministerial level had qualified as "having the highest priority on the international economic agenda". However, the world community had not managed to conclude the Uruguay Round, as had been hoped, in December 1990, when it had not been possible to bridge the gap between the different positions on issues of fundamental importance for the future of the multilateral trading system. The weeks following the Brussels Ministerial Meeting had been characterized by uncertainty, doubts and risks, but it was now gratifying to see that the negotiations had been put "back on track". After intensive consultations, the Chairman of the TNC, Mr. Arthur Dunkel, had been able to inform participants in the Uruguay Round two weeks ago that "a basis for restarting the negotiations in all areas in which differences remain outstanding" existed and that an agenda for work in each of the negotiating areas was being developed. While work had thus resumed in Geneva, governments were in the process of examining their substantive positions, particularly in the most contentious areas of the Round, and of taking the necessary steps to allow for the continuation and speedy conclusion of the negotiating process. No new deadlines had been set, but the Uruguay Round should be concluded as soon as possible. The time available should be used efficiently and productively. Political and economic reality and international business life would not wait for an unduly prolonged process.

134. She added that the open multilateral trading system faced a combination of great opportunities and great challenges. The importance of strengthening and enlarging this system was underlined by several factors:

(a) After a long period of continuous strong economic growth, the prospects for the future global economic performance were more complex today. Macroeconomic trends varied quite considerably, and in several countries recessionary tendencies, as well as external and internal imbalances, persisted. A less favourable outlook for global economic conditions also affected the prospects for international trade and investment, and particularly for smaller countries heavily dependent on exports.

(b) It was essential that the important progress made by developing and East and Central European countries in liberalizing their economic and trade policies continued, even in a temporarily less favourable global economic environment. Such autonomous liberalization could best be "secured" through the full integration of these countries into the contractual multilateral trading system.

(c) Both in developing and industrialized countries, difficult structural adjustment problems in sensitive and protected industries and markets needed to be solved, and some important reform efforts had been initiated. These reform processes towards more competition and freer trade should be made irreversible through a multilateral negotiating process and through binding of tariffs and consolidation of non-tariff measures in the GATT.

(d) Important and rapid developments in regional and bilateral arrangements were being witnessed in many parts of the world. As long as such arrangements were compatible with the multilateral trading system, they could play a useful and beneficial role in further liberalization of global trade. The objective must be to strive for complementarity of multilateral and regional integration and liberalization.

(e) A serious risk for the multilateral trading system was the pressure for unilateral measures that still existed in developed countries.

All these elements - and others could be added - pointed to the necessity of a successful outcome and speedy conclusion of the Uruguay Round. It should achieve significant global liberalization of trade by producing a coherent set of clear and enforceable rules and disciplines adapted to the new realities of world trade. A better integration of developing countries (and former centrally-planned economies) into the multilateral trading system under an improved GATT was essential for the strengthening of an open world trading order. Everyone had to be prepared to make contributions to this collective exercise.

135. Referring to the necessary complementarity between the multilateral liberalization process and evolving regional arrangements, in the perspective of UNCTAD VIII, she said that efforts would be needed to secure a fruitful complementarity:

- on the part of Governments inside the groupings to keep these arrangements outward-looking;

- and also in the international context to ensure that integration arrangements operated within a multilateral framework and that a dialogue was fostered between those inside and those outside formal regional arrangements.

136. For outward-oriented trade policies to be successfully implemented, it was necessary to have good organization and administration of customs systems, in which field UNCTAD was doing useful work. The issues of structural adjustment, trade liberalization measures, and balance between public and private sectors came under the umbrella of national governance. The Caracas Informal Encounter, held in February 1991, had touched upon these topics and her Group would certainly deal with them again at the current session as well as during the whole process of preparation for UNCTAD VIII. Particular issues that might be discussed in the perspective of UNCTAD VIII would include:

(a) An approach to trade policies taking into account the globalization of markets, as well as the interactions between domestic and international policies, i.e. the interactions between traditional trade measures and domestic policies, to assess their complementarity;

(b) The study of experiences of transition towards market economies in terms of national governance, especially in view of the transition in developing countries and in Central and Eastern Europe;

(c) An assessment of current developments in trade between developing countries, and consideration of the potential for expansion of South-South trade - in particular through effective regional mechanisms of economic integration - as a contribution to economic transformation in developing countries;

(d) A study of the ways and means to contribute to an effective complementarity of multilateral and regional integration and liberalization.

137. Turning to the documentation prepared by the secretariat, she said that Group B noted with some concern that this documentation and analysis, while more comprehensive than in previous years, tended to focus mainly on the policies and performance of developed countries, instead of analysing as well the policies and performance of developing countries. Her Group would have preferred a wider coverage than the documentation offered. TD/B/1282, on the problems of protectionism and structural adjustment, would have benefited from a broader coverage. Her Group was concerned that the overall impression in the document assigned the responsibility for protectionist pressures almost exclusively to developed countries. Thus, the analysis in this respect did not fit the reality and its contribution to the debate on protectionism and structural adjustment was thereby limited. With reference to the last chapter in the document, on experiences of developing countries, her Group believed that developing countries ready to undertake macro- and microeconomic changes could gain considerable insight from the description of different types of reform experiences in different countries. Policy makers might be misled by the lessons drawn in paragraphs 129 to 132 as to the pace and sequencing of a liberalization process. Sometimes quick action might be more useful and credible, when accompanied by efficient macroeconomic management policies. An important aspect of reforms was their proper sequencing. The findings by other bodies, such as the World Bank, which had done extensive research in this field, should be taken into account to a greater extent, in order to reach more balanced conclusions. For instance, in paragraph 5 of the document, four South American countries were cited as having recorded sizeable

advances in exporting their manufactured products. It so happened that these were the very countries which had applied immediate and far-reaching reforms. Their experience ought to have led the secretariat to reach different conclusions.

138. Group B had also some problems with the examination of market access conditions for African countries (ibid., paras. 82 to 88), as well as with other parts of the document dealing with Africa. The reduction of tariffs on an MFN basis should not be seen as leading to a loss of exports for Africa. It was a consolidated liberalization measure, different from the autonomous GSP. Africa faced the prospect of some reduction of preferential margins in some markets. At the same time, African countries would with time also have greater opportunities, through expanding markets and an improved competitive environment, to take advantage of dynamic gains. Liberalization was trade-creating, not trade-diverting. All this was positive, a challenge, although not without difficulties for a number of countries. The secretariat should therefore continue to encourage African countries to pursue their structural adjustment reforms and to build competitive supply capabilities (cf. para. 121). Tariff preferences were of diminishing importance in improving the export prospects of developing countries in general.

139. With regard to TD/B/1284, she said non-tariff measures always entailed costs to consumers, to domestic efficiency, and ultimately to a country's export competitiveness. Therefore, confining analysis to non-tariff measures of only some countries led to the omission of several important aspects. The description of obstacles to South-South trade, for example, was lacking.

140. She added that UNCTAD should develop its know-how on subjects relevant to the issues for UNCTAD VIII which she had mentioned before. The secretariat could then elaborate programmes of technical assistance for developing countries, which her Group recognized as important. For example, it might be possible to imagine proposals in the field of training, since the importance of human resources was now stressed everywhere: there was a great need to help developing countries to take advantage of increased transparency and of the trade openings in industrialized and developing countries. She could also envisage proposals in the field of trade and environment, as stated in paragaphs 6 to 10 of Board decision 384 (XXXVII) on sustainable development. For example, her Group was ready to cooperate in the further development of the UNCTAD data bank on trade and environment, referred to in paragraph 47 of TD/B/1282, and this should be accomplished within current resources. In this context, Group B looked forward to seeing the results of the Oslo seminar on trade and environment. Her Group indeed appreciated the initiatives taken by the secretariat to arrange brain-storming seminars to get new ideas on traditional and new issues.

141. Finally, she said that she could not fail to mention one group of countries for whom the international community felt a special concern: the least developed countries. Her Group wanted to reiterate its support for the Programme of Action adopted at the Second United Nations Conference on the Least Developed Countries in Paris, as well as its determination to contribute to the improvement of the international economic climate and to the integration of the least developed countries into the international trading system, so as to associate them better with the benefits of trade expansion.

142. The representative of China said that, although protectionism and structural adjustment had been on the Board's agenda for many years, the progress had been slow. In current international trade, protectionism from the developed countries, instead of decreasing, was on the rise, and protectionism was thus the major obstacle in the further development of international trade. If it went unchecked, world trade, in particular the export trade of the developing countries, would not be improved or developed. In the Final Act of UNCTAD VII, the developed countries had undertaken to check protectionism and promote structural adjustment in favour of developing countries. However, these commitments had not been honoured in earnest so far. Of more importance, they had failed to respond adequately to the measures taken by developing countries to relax their trade regimes. Despite the fact that some developed countries had eliminated quantitative restrictions and that new anti-dumping and countervailing measures had decreased compared with the mid-1980s, their actions against developing countries, far from decreasing, had continued to increase. This was particularly true in the sectors where developing countries had gained comparative advantage. All this had adversely affected exports from the developing countries.

143. He added that developing countries were deeply worried about the increasingly evident trend towards regional blocs - a concern that was not unwarranted. He hoped that the establishment of trading groups would not be detrimental to trade liberalization and would take into account the economic and trade interests of developing countries.

144. Since the beginning of the 1980s, structural adjustment in the developed countries had proceeded slowly, while the burdens of structural adjustment had been shifted, to a large extent, to the developing countries. Developed countries should speed up their structural adjustment process so as to eliminate trade protectionism and to promote competition based on comparative advantage.

145. In recent years, the consideration of protectionism in the Board had always been linked with the Uruguay Round because the two forums touched upon the same substantive issues. Up to now the progress in the Round had been unbalanced. On the one hand, only very slow progress had been made in the market access negotiating groups on agricultural products, textiles, tropical products and natural resources products, in which many developing countries had a major stake. On the other hand, negotiations on items of interest to the developed countries had exceeded the mandate of the Ministerial Declaration. Thus, developing countries were faced with the big difficulty of readjusting their domestic policies and legislation. In order to enable the developing countries to benefit from trade liberalization, it was essential to take full account of their special conditions and needs and to give expression to differential and more favourable treatment in the negotiations. He hoped that there would be an early resumption of the substantive negotiations of the Uruguay Round and that the negotiations would score positive results in line with the terms of reference and goals defined by the Ministerial Declaration, leading to a balanced package agreement which reflected the interests of all the participating countries.

146. He expressed appreciation to UNCTAD and UNDP for the technical assistance provided for the multilateral trade negotiations - a programme which had facilitated the effective participation by the developing countries in the negotiations. In view of the fact that the Round was still not completed and that, even after its completion, there would be a large amount of follow-up negotiations, he believed that developing countries would still need the help of UNCTAD. Therefore, he hoped that UNCTAD and UNDP would render additional technical assistance.

147. In conclusion, he said that, like other developing countries, China had suffered a lot from trade protectionism, especially non-tariff barriers. Chinese products were subjected to even harsher limitations of a discriminatory nature in the markets of certain developed countries. Such unjust practices could not but cause grave concern. His country was therefore ready to join others in the endeavour to create a just and rational international trade environment.

148. The representative of Poland stated that the real premises, nature and consequences of economic transformation taking place in his country were not well understood, especially by developing countries. The transformation derived its force from the contradiction between the functional requirements of a modern economy and a command system that had been at loggerheads with those requirements. The launching of the economic transformation programme in Poland had followed a dramatic political change that signified the demise of the communist system. The transformation programme adopted by his Government represented a swift, radical and comprehensive approach to economic change. It had been launched, however, under unfavourable conditions of market disequilibrium and rampant inflation. The programme had therefore to be upheld by economic stabilization measures, without which structural reforms would remain ineffective.

149. The stabilization programme was composed of five principal elements which included radical price liberalization, restrictive fiscal and monetary policy, wage policy that kept wage increases below the inflation rate, and drastic devaluation of the currency combined with introduction of its full internal convertibility. These measures were leading to the establishment of market equilibrium, albeit at a considerably depressed demand level entailing deep industrial recession and import contraction, except for food and consumer goods. While the stabilization programme contained some elements of systemic change, the transformation programme comprised other important elements which included formal abrogation of central planning, creation of a more competitive business environment by, *inter alia*, enacting anti-monopoly law, and extensive import liberalization embracing total elimination of import restrictions and suspension or decreasing of tariff rates. Moves were also being made towards privatization of existing industries, broad liberalization of new entrepreneurship, and facilitation of the inflow of foreign capital. Business, banking and trade infrastructure was being opened up to private and foreign capital and expanded.

150. The implementation of the stabilization and transformation programmes was affected by several exogenous factors, one of the most important being the collapse of the CMEA and intra-regional trade. The future of the Polish economy depended to a considerable extent on the prospects for resolution of

the debt-service problems through significant debt reduction, as proposed by his Government. The negotiations recently initiated for Poland's association with the European Economic Community and cooperation with EFTA would have a bearing on Polish efforts to integrate itself into the world economy. The success of the transformation process hung upon the preservation of an open liberal international trading system and access to markets. The progress and eventual success of the economic transformation in Poland, besides being necessary to avoid its further marginalization in the world economy, would have an impact on its economic relations with developing countries. Three consecutive stages might be envisaged here. First, in the period until 1992, domestic demand and imports contraction would support the export drive - in competition with that of the developing countries - in third markets and would affect negatively developing countries' exports of production inputs to Poland. In the second stage, extending to the mid-1990s, the Polish economy would show signs of revival, with exportable products being absorbed by growing domestic demand and with imports - primarily of production inputs - expanding. That would benefit the developing countries' trade in general, and their trade with Poland in particular. In the third stage, beginning in the later part of the 1990s, Polish exports would again begin to expand and become more competitive. Although imports of traditional primary commodities would diminish in importance, intra-industry cooperation would develop with a potential for trade expansion in components and intermediate goods. With regard to developing countries, the new trade opportunities could be better exploited, and the competition faced more successfully, if developing countries themselves made efforts to that effect. Moreover, the systemic change which had been introduced implied an institutional change in Poland's cooperation with developing countries, including the consistent shift from bilateral to multilateral forms of trade, with Poland managing her external economic relations, including those with developing countries, within the framework of - and having recourse to - the rules of the international multilateral trading system. Poland, therefore, did not consider it appropriate to establish within UNCTAD any special mechanism to deal with that trade as a separate isolated issue.

151. The representative of the European Economic Community and its member States said that in 1990 the EEC had increased its openness to the outside world and, in particular, its efforts in favour of the developing countries and the East European countries. It had renewed, with a number of improvements, its GSP scheme, from which all developing countries benefited. Although the Lomé Convention, which linked the Community with 69 ACP developing countries, had not yet been ratified by enough States to enable it to come into force, its trade provisions had been applied in anticipation of that ratification. The States members of the Community had, moreover, abolished a number of national quantitative restrictions vis-à-vis Central and Eastern European countries, as well as other contracting parties in the GATT, pursuant to commitments undertaken in the Uruguay Round. As for its anti-dumping activities, the Community had adopted anti-dumping rules in line with its international commitments, in particular Article VI of the GATT and the Anti-dumping Code of 1979. In 1989 the number of anti-dumping duties and acceptances of price agreements had been the lowest recorded in the EEC since 1985. In paragraph 55 of its report (TD/B/1282) the secretariat stated that, in certain developed market-economy countries, the tariff treatment granted to developing countries as a whole was less favourable than that extended to

other developed countries. However, paragraph 58 of the same report pointed out correctly that the relative share of imports which in principle entered the Community under a preferential tariff regime was far higher for the developing countries than for the developed countries, with a few exceptions.

152. In granting trade preferences to Bulgaria, Hungary, Poland, Romania and Czechoslovakia, the EEC had been well aware of the possible diversionary effects for trade originating in other countries, and particularly that of the developing countries. However, in helping the East European countries to develop economically, the Community was also helping them to become more active members of the international community and to participate in the international trading system to the benefit of all countries. As the secretariat had pointed out in its report, one of the effects of the opening up of the East European countries, including the USSR, could be the creation of new export markets for the developing countries, although there could also be an intensification of international competition in the longer term. This intensified competition was not in itself a problem; on the contrary, it could result in a better allocation of resources as long as there was respect for the rules of competition and for the protection of the weaker partners - two principles to which the EEC was and would remain attached.

153. The EEC was pleased to see the recent resumption of the multilateral trade negotiations of the Uruguay Round after the impasse of the Ministerial Conference in Brussels. A positive outcome for the Round remained the first priority in the trade policy of the Community and other developments, such as the creation of the Community's interior market or aid to the East European countries, would not cause the Community to deviate from that priority. In these negotiations the Community was seeking balanced compromises founded on the principle of consensus and globality. With regard to market access, effective liberalization could be achieved only if all the participants, both the industialized and the developing countries, were to contribute to that end. Since the value of such advances might be diminished in the absence of a framework of clear and stable rules and disciplines, the Community also attached great importance to the negotiations on the settlement of disputes, on safeguards and the Articles of the GATT. Furthermore, the Community recalled its commitment at Punta del Este and Montreal to a greater liberalization of the trade in the textile and clothing sector. That sector was of particular importance to many developing countries since it represented a quarter of their exports of manufactured products.

154. Since the beginning of the MTNs, the Community had supported the progressive elimination of existing restrictions through the use of a technique which had received widespread support, including that of the developing countries. The Community had also argued in favour of a harmonization of Customs duties at specified levels to allow for market access in the industrialized countries and to take account of the particularities of the developing countries. However, this progressive elimination of trade restrictions was inconceivable without a genuine strengthening of the rules and disciplines of the GATT, making them applicable to all parties.

155. He noted that the secretariat report dealt specifically with two very important subjects of the negotiations: agriculture and tropical products. With regard to agriculture, the Community considered that the constructive and

realistic proposals which it had made in the negotiations, aimed at substantial and progressive reductions in the global support for and protection of agriculture, in full conformity with the results of the mid-term review, constituted a good basis for making progress in the reform of this sector. With regard to the developing countries, the Community had shown that it was in favour of a certain flexibility, taking account of the level of development and the actual development needs of the country concerned, in the application of any rule adopted for the reduction of agricultural support and protection. The Community had also underlined the need to take account of the possible negative effect of the reform on the economies of net food-importing countries. To that end the Community had made proposals for lessening the impact of price rises following on the reduction of agricultural support and protection. These proposals included the provision - free or on preferential terms - of food products and the granting of financial assistance for the development of the domestic food industry of the most disadvantaged developing countries. As for tropical products, the Community had been quick to put forward a very detailed proposal for the liberalization of this sector which had been regarded as generous by the other participants and which in any case went beyond the EEC proposals for the dismantling of tariff and non-tariff barriers in the other sectors. But in view of its special responsibility towards a certain number of associated countries and the desire to maintain existing preferential margins in favour of the least developed countries, the Community had made its liberalization proposals subject to certain conditions. In particular, the Community expected to see an equitable sharing of the liberalization efforts among all the industrialized countries and the most advanced developing countries, as well as a degree of reciprocity on the part of the main beneficiary countries, including those developing countries whose level of development enabled them to participate more fully in the overall balance of rights and duties under the GATT. Finally, in deference to the arguments that these proposals, made on the basis of the MFN principle, were benefiting the industrialized countries that produced tropical products, the Community had revised its proposals on the eve of the Brussels Conference in order to increase the benefit which the developing countries could derive from them.

156. In view of these considerations, the Community wished to express its disagreement with certain of the trade effects cited in the secretariat report which, as the report itself made clear, were founded on the concessions offered as at the end of July 1990. The estimates of the net losses of the African region seemed in particular highly debatable, since they were based on an analysis on which it would be useful to have more details. Moreover, the analysis appeared not to take account of the impact of improved proposals made by other participants for the exports of tropical products from the African region, possibly because these improvements had been made after the end of July. The Community hoped that these improvements would figure again in a final package which should be more comprehensive than the present one.

157. He recalled that the Community had already dealt at length at a previous session of the Board with the establishment of the single EEC market in 1992, as well as its implications for the export prospects of the developing countries. Much of the comment on the possible effects of 1992 on the trade of the developing countries was of a speculative nature. The fact was that the process of economic integration of the European Community had already

begun many years ago and 1992 would be merely the final phase of a process that was already at an advanced stage. Moreover, the impact of the creation of the internal market would be different according to the products and according to the diverse economic sectors; and the balance of advantages and drawbacks would differ according to the trade structure and the economy of the third countries themselves. Nevertheless, in a general way one could say that the increase in resources which this integration movement would stimulate was a factor making for progress rather than a step backwards for the international community as a whole. On the particular issue of banana exports from certain ACP countries to the Community market, he recalled that, under the terms of the Lomé Convention, the Community would be authorized to establish common rules for bananas, in full consultation with the ACP States, with a view to maintaining Community preferences at their current levels. If there were a decline in the consumption of bananas following the creation of the single market, the Community would consult the traditional suppliers with a view to safeguarding the legitimate interests of those concerned.

158. Finally, with regard to the experiments in economic liberalization in the developing countries, the Community believed that trade liberalization was essential to economic development, and this included the setting of the exchange rate and the liberalization of internal policies on the movement of capital, on prices and on salaries. Levels of development and specific situations were so different that no one liberalization model could be applied universally. Trade liberalization efforts must be viewed in the context of the general economic situation of a country and the evolution of its macroeconomic setting, and must be integrated in that setting.

159. The representative of Turkey stated that the increased demand on the foreign exchange markets coupled with higher interest rates would increase the economic challenges faced by most of the non-oil-exporting developing countries and there was a risk that such an environment might endanger the structural adjustment efforts of an increasing number of countries. At this critical juncture of the world economy, a failure in the Uruguay Round would accentuate the difficulties and negative tendencies and might even lead the world economy to ruin, giving rise to devastating competitive protectionism. He recalled that a year earlier the Board had urged the participants in the Uruguay Round to strive for a balanced and successful outcome of the Round. The spectre of its possible failure had haunted the world community for a while, but there was now room for optimism. In order to reach the legitimate objective of achieving substantial results in all areas of the Round, a new sense of responsibility should be injected to meet the prerequisites of the new trading environment. He stressed the need to broaden market access, define adequate and equitable disciplines in the new areas, and strengthen GATT rules in order to build a more transparent and predictable multilateral trading system. This could only be achieved through a collective expression of determination.

160. He considered that commitment to a substantial but progressive liberalization in all sectors of the economy was a realistic approach. Turkey, and other countries which had made efforts aimed at liberalizing their economies, stood to lose most if the Uruguay Round failed and there was a return to protectionism throughout the world. Trade liberalization, successful structural adjustment policies and balances at the national level

between the private and public sectors were inextricably linked with national good governance - the substantive item on the agenda of UNCTAD VIII. In this connection, the Caracas Informal Encounter on National Governance and the Oslo Seminar on Trade in Relation to Environment and Development would certainly be of great relevance to the preparations for the Conference.

161. The representative of Sweden, speaking on behalf of the Nordic countries, expressing support for the Statement made on behalf of Group B, said that an increasing number of countries now supported the multilateral trading system as a guarantee against protectionism and that there was also a trend towards regionalization. Regional arrangements were very important as a complementary element to improve international trade opportunities. The Nordic countries had repeatedly underlined the importance of an open multilateral trading system, which should also meet new demands set by the changes in the pattern of trade in goods and services. He therefore hoped the Uruguay Round would conclude as soon as possible with a satisfactory result for all. He felt that a fuller integration of all developing countries into the international trading system, taking into account their growing diversity, was in their interest. Recent developments had shown that the most successful developing countries were those that had introduced policy changes leading to less regulated and more open markets, through the encouragement of exports and the liberalization of imports.

162. The Nordic countries also welcomed the social and economic reforms in the Central and Eastern European countries. Once the reform process was completed, these markets would provide opportunities for increased trade which the developing countries should seize. But developing countries might also be faced with increased competition from these countries on world markets.

163. He noted a growing awareness of the positive effects of market-oriented approaches, adapted to the circumstances of each country, and a change in attitude towards foreign direct investment. He underlined the importance of good governance and efficient management of resources to attract foreign investment.

164. Three documents calling for political action in favour of developing countries had been adopted in 1990: the Declaration adopted by the United Nations General Assembly on International Economic Cooperation, the Programme of Action for the Least Developed Countries for the 1990s, and the New International Development Strategy for the 1990s. They all proved the possibility of reaching agreement on important measures in favour of the developing countries, and the action called for should be implemented as soon as possible. South-South trade offered large potential benefits and should be better explored. In this regard, the report of the South Commission was highly relevant, especially its statement that the GSTP should be used purposefully. The Nordic countries welcomed information on actual trade flows under the GSTP.

165. The Nordic countries noted with satisfaction the full consideration of the environment in the promotion of trade and development reflected in the preparations for UNCTAD VIII. The results of the Oslo Seminar on Trade and Environment should serve as an input for the secretariat documentation for UNCTAD VIII and he hoped that the results would indeed contribute to the

development of thinking and action on this important issue. There had been a broad agreement at that Seminar on the eradication of poverty as one basic element in global sustainable development.

166. The representative of Hungary stated that his country was continuing to privatize the public sector, to liberalize its economy, to open its market and to carry out the legislative changes required for a free market economy. In foreign trade, further liberalization had also taken place. The level of liberalization of imports had been raised and about 92 per cent of Hungary's imports were free. Extensive liberalization had taken place in the field of trade. Although the recession seemed to be deepening further, Hungary's financial balance had improved, the budget deficit had narrowed considerably and Hungary's current account was, for the first time, in surplus, due to the Hungarian export performance. Exports to OECD countries had increased by about 29 per cent, while imports had grown by about 12 per cent. At the same time, imports of goods from developing countries had increased by about 60 per cent, whereas Hungarian exports to this group of countries had declined.

167. Commenting on the documentation, he said that, owing to the general approach applied to the issues, almost none of the conclusions were valid as regards Hungary. In one report, the part dealing with Hungary's access to the OECD markets, for example, did not state clearly that most of the measures cited were only abolishing those restrictions that were contravening the GATT and were thus only restoring normal treatment. He noted that, in those few areas where Hungarian exports competed with those of the developing countries, the GSP was either not applied or was fraught with many restrictions. The report failed to include Hungary's most important trade liberalization measures and its achievements towards the creation of a full-fledged market economy. He believed that this development, together with the conversion of the former CMEA trade to market principles, strongly enhanced the competitive position of developing countries. He also felt strongly that, in studying the special government measures in agriculture and the effect of non-tariff measures, the practices of all countries should have been examined.

168. Finally, referring to the statement of the spokesman for the Group of 77, he stated that Hungary could not support the proposal to set up an ad hoc intergovernmental mechanism in UNCTAD to review and promote trade and economic relations between developing countries and countries in Eastern Europe during the transition period. His delegation could see no reason to establish intergovernmental machinery to review a particular segment of international trade.

169. The representative of Tunisia pointed out that efforts towards trade liberalization in developing countries, which included reductions of customs duties, simplified tariff structures and frequent dismantlement of non-tariff measures, had been substantially more widepsread than the trade liberalization measures undertaken in developed market economies in favour of developing countries. Delays in the Uruguay Round, as well as new free trade agreements between developed market economies and the extension of the GSP to Eastern European countries, were all seen as recent factors threatening the preferential treatment granted to developing countries. The economic liberalization taking place in Eastern European countries would be welcome if it became a new source of trade expansion for developing countries, but he

expressed concern that the renewed interest in Eastern European countries might in fact be detrimental to developing countries. Indeed, new trade liberalization measures in favour of the former countries had been taken, while such measures in favour of developing countries had remained modest.

170. He stressed that developing countries had the right to expect differential and preferential treatment as resumed growth in these countries would have a stimulating impact on world trade and thus on developed market economies' exports. At a time when developing countries were liberalizing their markets, certain developed countries continued to apply non-tariff measures, including sanitary, security or technical norms, which were hardly justified and which put a brake on imports from developing countries. In this context, he pointed out that manufactured exports from Africa remained insignificant.

171. He added that the rapid liberalization process occurring in Africa and Latin America should be contrasted with the industrialization experience in South-East Asia, which argued for a lengthy transition period before liberalization could begin. Worsening budgetary deficits and the build-up of inflation were noticeable outcomes of such reforms as the reduction of customs duties. Therefore, such reforms needed to be combined with increased financial flows, development aid and technology transfers in order to foster growth in developing countries.

172. Tunisia's liberalization programme, which started in 1986, was proceeding rapidly. The reforms introduced would lead to a freeing of 70 per cent of imports and to a lowering of effective protection rates to 25 per cent by 1990. Private enterprise had been encouraged by financial and fiscal reform, partial deregulation of industrial prices, and further measures to reduce both tariff and non-tariff measures. However, the success of these reforms hinged upon external factors over which the Government had little control. These included exchange and interest rate movements, and ensuing increases in the debt service which exceeded the flows of new lending. Also, the share of foreign direct investment in total capital inflows had declined substantially.

173. Finally, he referred to the negative consequences of the Gulf crisis on the Tunisian economy, and expressed the hope that its outcome would lead the way to a new economic order which took full account of the aspirations of all people for growth, development and welfare. In this respect, he doubted that current Uruguay Round negotiations really took into account the needs of countries of the South, particularly in the areas of intellectual property, investments and services, where equitable growth called for a differential and preferential treatment for developing countries.

174. The representative of Austria stressed the importance of import liberalization as a prerequisite for sustained economic growth. The argument centred on whether the process of liberalization should be gradual or rapid and broad-based as the best way to bring about a successful structural adjustment. A step-by-step approach could be adopted only in conditions of political stability and continuity. The benefits of liberalization were, however, overriding and were intimately linked with the problem of international competitiveness and the exploitation of comparative advantages. For Governments embarking on a course of liberalization, the decisive question

was whether comparative advantages and competitive positions emerged as an automatic consequence of trade liberalization or whether policy makers had to intervene to influence their outcome. He felt that competitiveness arose not from government intervention but rather from a comparative advantage which sprang from the prevailing national environment - one which strongly favoured improvement and innovation in selected industries.

175. The basic question for policy makers was how to upgrade productivity and create a dynamic and innovative climate. Among the domestic conditions required to achieve competitiveness were skilled human resources and specialized knowledge. Other elements for the development of a competitive industry included special demand conditions - consisting of national habits, preferences or passions - and strong domestic rivalry. Thus, the role of Governments should be to bring about appropriate conditions for intense competition by means of indirect measures which upgraded the human factor and sustained the rivalry of various local producers. Active government involvement should be restricted to such areas as environment, social and health standards, safety and quality controls.

176. Turning to the root causes of protectionism, he said that the arguments which could be invoked to justify protectionist policies were essentially non-economic in character. For instance, everybody was familiar with the high level of government support for agriculture in many European countries. These measures were justified by non-economic arguments such as food security or the preservation of a traditional rural society. Thus, whenever government policy tried to avoid the real issue, namely productivity, society as a whole had to pay the price in the form of a lower standard of living. And as far as foreign trade was concerned, the truly productive sectors would have to make up for the resources lost in the protected sectors.

177. His main conclusions were as follows:

(a) The principle of liberalization had been recognized as the correct way to bring a country's economy into line with the world economy and to make it ready to face global competition.

(b) Under certain conditions, Governments would be well advised to proceed gradually in order not to expose all sectors of the economy to the shock of international competition simultaneously. However, in some circumstances, a rapid opening-up of the market might be preferable.

(c) Governments could use various instruments to protect their industry or certain sectors of their industry but, whenever a country was aiming at a truly competitive international position, protection was not the proper means to gain and to sustain it. Rather, adequate framework conditions such as a high level of human skill, local demand and intense internal rivalry should be encouraged and, once they had been created, defended as stubbornly as possible.

(d) In all this, the lessons to be drawn from the experience of such successful countries as Switzerland and Sweden, Japan and the Republic of Korea should be heeded - in particular that scarcity rather than abundance had been the principal motivating force for innovation. This, by the way, also applied to his own country's competitivity. Nations advanced under pressure and in response to a challenge, but naturally they advanced only if they were willing and able to create the kind of environment which he had tried to describe in the hope of contributing to the clarification of a complex but important concept.

178. Referring to the secretariat report on protectionism and structural adjustment (TD/B/1282), the representative of New Zealand said that the report was right in emphasizing the export prospects of developing countries, but the approach taken tended to foster an artificial North/South view of problems which transcended the reality of that divide. The liberalization measures taken by a number of developing countries had been adopted at some political and, in the short run, economic cost, but in view of the uncertain external environment, these countries could not reap immediate benefits. Such factors had led to some protectionist measures which the secretariat had failed to mention. In paragraphs 129-132 of the report, the secretariat had made some interesting observations about the relative success of different models of liberalization, but more work was needed in this area concerning the benefits for countries embarking on a liberalization programme. Regarding the effects of liberalization on the trade of developing countries, the secretariat seemed unsure of the value of MFN-based liberalization in some areas, because of the erosion of margins of preference under the GSP and other preferential arrangements that it would entail. There was a risk of losing sight of the long-run fundamental aim, which was the more secure and predictable framework given by MFN-based liberalization in the GATT. The importance in the growth of exports of factors other than margins of preference needed also to be emphasized, and in particular the need for appropriate national policies to develop international competitiveness.

179. Referring to agricultural protection, he concurred with the view of the representative of Austria that recognition by Governments of the costs to consumers and to the national economy could make a great contribution to reducing protectionism, with great benefit to competitive agricultural exporters in developing and other countries, as well as to the economy imposing protection. Agriculture was a crucial factor in the Uruguay Round negotiations. It stood apart in those negotiations, perhaps because, in the major industrial countries, its lobbies were among the best funded, the best organized and the most listened to by Governments, in relation to their importance in the economy and in the population. The secretariat report showed clearly the scale of the problem and the responsibility in this particular area of liberalization of those countries which, by the size of their markets and their production, had a determining influence on both world prices and market access for agricultural exporters.

180. The representative of Romania stated that his country, as a member of the Group of 77 and as a country in transition towards a market economy, attached considerable importance to the problems of protectionism and structural adjustment. Despite trade liberalization measures undertaken by developed countries in support of the process of economic reforms in the countries of Eastern Europe and the lifting of certain import restrictions in favour of exports of developing countries, the proportion of trade subject to non-tariff measures had not diminished markedly and most of the restrictions which had existed before the start of the Uruguay Round negotiations still prevailed.

Protectionist measures were being applied frequently in violation of GATT rules, and recourse to antidumping measures was being used for protectionist purposes. Preferential tariff treatment in favour of developing countries had also been weakened. Little progress had been made in the area of structural adjustment in developed countries, particularly in those areas where protectionist measures had been applied for long periods.

181. It was necessary to respect the obligations undertaken in the Final Act of UNCTAD VII with regard to protectionism and market access with a view to creating a more open, non-discriminatory, credible and durable trading system which could contribute to the expansion of growth and development. The Uruguay Round negotiations constituted an important means to achieve that objective. A positive outcome of the negotiations could underpin the efforts made by developing countries and countries in transition towards a market-economy system to attain their social and economic objectives. Romania was participating actively in the negotiations and was ready to make its contribution to the liberalization of international trade.

182. His country was in the process of switching to a market-economy system. This economic reform was made more complicated by the extremely difficult economic situation inherited from the previous regime, by Romania's level of development - which was that of a developing country - and by unfavourable external conditions, in particular the Gulf crisis and the transition to a system of convertible currency settlements for trade between the CMEA member countries. The losses suffered by Romania on account of the Gulf crisis alone amounted to approximately US$ 3 billion. Radical measures had been undertaken for the privatization and liberalization of the national economy. The centralized planning system had been abolished, the process of liberalizing prices and salaries had been launched, and economic agents now enjoyed full autonomy. Profound changes in his country's external economic relations and trade policies included the abolition of State monopoly of foreign trade and foreign currencies, the elimination of centralized planning of foreign trade, and the liberalization of imports and exports, as well as of foreign investment regimes. Romania was thus engaged in a far-reaching process of structural adjustments, aimed at correcting the major imbalances in the national economy. On the one hand, there was the imbalance between resources and production capacities due to the excessive development of the manufacture of products that required a high level of raw materials and energy. On the other hand there was an imbalance between the structure of demand in the market and the structure of production. Enterprises would therefore be compelled either to undertake structural adjustments, possibly with short-term assistance from the State, or to go bankrupt. The process of transition to a market-economy system required large-scale foreign investment and financial assistance from the international community. In this process Romania also counted on technical assistance from UNCTAD. He was convinced nevertheless that his country's transition to a market-economy system and its integration into the international economic system would undoubtedly reinvigorate the national economy and broaden its economic relations with all countries, including the other developing countries.

183. The representative of Bulgaria, referring to the secretariat report TD/B/1282, stated that progress made by developed countries in reducing non-tariff barriers for the exports from the countries in Eastern Europe,

including Bulgaria, would considerably contribute to the liberalization of world trade, but his country could not agree with the view expressed in the report that the granting of GSP status to some of the latter countries was among those factors that had eroded preferential tariff treatment for developing countries. He considered that the extension of preferential treatment to new countries was an improvement of the international trading system, and that concerns that the resulting increase of exports from Eastern and Central Europe would affect the export position of developing countries were rather premature. He emphasized that the integration of the East European countries into the world economy, and the liberalization of their trade regime, would create substantial new opportunities for the developing countries.

184. Regarding the ongoing regionalization of world trade, he said that it was of priority importance when creating regional trade groupings to conform to the spirit and principles of multilateralism and non-discrimination. In this respect, a successful and balanced outcome of the Uruguay Round was very important for the future development of the international trading system. Although he understood the preoccupation of the Group of 77 as regards the future development of economic cooperation between developing countries and countries in Eastern Europe, he said that, as stated already at previous sessions of the Board, in view of the profound systemic changes in his own country, it would not be relevant to single out these relations from the overall trade context. However, the suggestion for a focal point within the secretariat might be considered.

185. Bulgaria was facing a number of serious economic problems in the process of transition to a market economy, but a strong social consensus had emerged in the country for addressing the macroeconomic imbalances and implementing fundamental systemic reforms. An economic programme, initiating major structural reforms, had been introduced. The reforms included, inter alia, a comprehensive price reform, eliminating almost all restrictions on producer and consumer prices, a reform of the exchange system, based on an interbank foreign-exchange market, abolition of nearly all import licence requirements and quantitative restrictions, reduction of export taxes coverage and a gradual removal of State plan agreements with former CMEA countries. A far-reaching privatization programme was being developed and a two-level strategy had been adopted. Small enterprises with assets of up to Leva 10 million could already be auctioned without further Government approval. Large-scale privatization would be addressed in the near future and a State Property and Privatization Agency would be established to monitor this process. New fiscal and tax policies had been implemented aiming to reduce the Government deficit and decrease the redistributive role of the State budget. The basic legal framework for the systemic changes undertaken was in the process of establishment. The country's Parliament had adopted the Bill on Land Reform and was expected to adopt in the near future legislation on privatization, foreign investment, competition, bankruptcy, as well as a new comprehensive Trade Bill. The social safety net had been strengthened. The stabilization programme would be negatively affected by the external environment and a further deterioration in Bulgaria's current account position was expected in 1991. The combined net loss from the dissolution of the CMEA trading system and the Middle East crisis was expected to reach US$ 3 billion, or 13 per cent of the projected 1991 GDP. In the medium term, a viable

external balance was to be restored, in particular through export expansion and restraint in domestic demand. The success of stabilization and structural reforms would critically depend on the assistance provided by private creditors, multilateral institutions and foreign Governments. Bulgaria was sparing no effort to succeed in its reforms. It was holding broad contacts with the international monetary, trading and credit institutions, had recently become a member of IMF and the World Bank and was working on its accession to the GATT.

186. The representative of Czechoslovakia stated that the process of economic reform in his country, which was designed to bring about a radical change from a centrally-planned to a market economy, was being accelerated by the adoption of several laws having as a common feature the abolition of direct administrative management, demonopolization, price liberalization, introduction of internal convertibility, privatization and promotion of private entrepreneurship. An important change in foreign trade had been the total abolition of State monopoly as from the beginning of 1991. New legislation was also being adopted to encourage the inflow of foreign investment, and to promote the establishment of joint stock companies with foreign participation. His country had also abolished all protectionist measures and was now relying on customs duties as the main trade-policy instrument. The average level of such duties was one of the lowest in the world - or about 4.5 per cent.

187. The opening up of the Czechoslovak economy created new opportunities for foreign exporters, in particular from developing countries which enjoyed GSP advantages. A major positive contribution which the international community could make in favour of his country was to create a favourable economic climate and to provide better market access for Czechoslovak products. He appreciated the steps taken by many OECD countries resulting in the elimination of a number of quantitative restrictions, granting of MFN status and extending GSP status to this country.

188. Czechoslovakia was in favour of strengthening an open and free multilateral trading system and was therefore highly interested in, and committed to, an early and successful outcome of the Uruguay Round. While he appreciated the many facts about protectionism and structural adjustment described in the secretariat report (TD/B/1282), he felt that the structure of the report and the way in which the facts had been set forth did not always reflect objectively the developments and might misinterpret the analytical findings. He cited some examples in support of this view.

189. Finally, he said that his delegation could not support the idea of creating an ad hoc intergovernmental mechanism in UNCTAD to review and promote trade and economic relations between developing countries and countries of Central and Eastern Europe during the transitional period, as had been suggested in the statement by the spokesman for the Group of 77.

190. The spokesman for the Group of 77 (India), speaking on the Uruguay Round, emphasized that developing countries would like to make clear that the inability of the December 1990 Brussels meeting to arrive at a final outcome was not of their making. Their participation in the Uruguay Round process had been unprecedented and constructive and would continue to be so. It was

possible, however, to make a general assessment of the trends with regard to the outcome in the different negotiating areas. These trends would have to be seen in terms of whether they had been favourable to genuine trade expansion, to the correction of imbalances in the international trading system and to rendering it more stable and beneficial to developing countries.

191. It was clear that the conduct of negotiations had not permitted broad-based participation in decision-making. Developing countries had indicated categorically that they would reject any attempt to impose upon them a pre-negotiated package agreed to only by a few. Despite this, linkages between different areas and issues which did not take into account the stipulation about differential and more favourable treatment for developing countries, about non-reciprocity of concessions made to them and about their not being asked to make concessions which were inconsistent with their individual development, financial and trade needs, continued to be made and asymmetries in the degree of progress sought remained in and between various groups and issues. The translation of the principles of differential and more favourable treatment to developing countries into concrete operational obligations and commitments in all of the areas was conspicuous by its absence. On the contrary, bilateral pressures and the threat of unilateral action were used to obtain the acquiescence of developing countries to developed-country approaches.

192. He also noted that the Punta del Este Declaration provided for special attention to be given to the particular situation and problems of the least developed countries and to the need to encourage positive measures to facilitate expansion of their trading opportunities. However, the full comprehension of the heavy social and political costs of structural adjustment undertaken by least developed countries for nearly a decade against a recessionary perspective and reduced external resource flows to them had not so far manifested itself in the Uruguay Round process. The clear understanding in the Punta del Este Declaration that these countries would not be asked to make commitments which their economy - yielding less than 70 US cents per capita per day - could not sustain for the foreseeable future, should after over four years of negotiations be translated into action and the proposals put forward by LDCs in each of the groups be appropriately reflected in the outcome.

193. Developing countries attached special importance to obtaining a special package of concessions on the market access issues, and gains in these areas were the raison d'être for developing-country participation in the Round. The special status of developing countries was recognized in these as in other areas but, in practice, and in violation of negotiating principles, developing countries were asked to make "reciprocal contributions" that were disproportionate to their capacities and inconsistent with their development, financial and trade needs. The negotiations in the market access groups were also undermined by negative linkages with negotiations on rule making on the new areas, demands for one-to-one reciprocity by major trading partners, limitations in coverage of products of interest to developing countries and minimal progress on liberalization of non-tariff measures. Also, the non-fulfilment of standstill and rollback commitments, especially in respect of those measures affecting market access for products originating in developing countries, concerns about the final results having the effect of

legitimizing measures which were currently inconsistent with the GATT and repeated attempts to postpone the fulfilment of the commitments dampened expectations of any major gain in market access areas.

194. In tariff negotiations a target amount for overall reduction at least as ambitious as that achieved by the participants in the Tokyo Round (at least 33 per cent) could ultimately be achieved in most major markets. However, the offer and request procedure followed tended to insulate tariff protection on products of priority interest to developing countries and special tariff concessions on such products were subjected to "satisfactory reciprocity by developing countries". It had also become evident that the commitment to give credit and recognition to developing-country participants which had undertaken significant autonomous tariff liberalization measures since the launching of the Round had not been respected. This should be corrected and proposals recently put forward by many developing countries deserved serious consideration in order to achieve concrete and tangible results. There was also no recognition of the substantial efforts made by developing countries to increase the scope of their tariff bindings. The problem of tariff escalation and tariff peaks on products of export interest to developing countries was not sufficiently addressed and MFN tariff reductions implied the erosion of preferential margins for preference-receiving developing countries, and this called for supplementary measures to be taken by preference-giving countries by substantially improving their GSP schemes.

195. In the area of NTMs, the efforts to arrest the incidence and proliferation of NTMs which constituted a major hazard and impediment for developing-country exports into developed-country markets had not met with much success in the Round. The fundamental issue of an agreed perception or definition of which NTMs were GATT-consistent or otherwise was not substantially resolved. Also, any definitive outcome in this area was held hostage to developments in other negotiating groups such as textiles and clothing, agriculture, MTN agreements and arrangements. It was, however, clear that the phase-out or elimination of quantitative restrictions and other measures with similar effects in pursuance of the rollback commitment remained largely unfulfilled and that many participants were concerned that they might be asked to pay for removal of developed-country measures which were of doubtful compatibility with the GATT. The offer and request procedure laid down for negotiating the reduction or elimination of NTMs was not conducive to positive results, especially for developing countries whose special need to continue to use NTMs had been well recognized.

196. In the area of tropical products, developing countries with a major interest in the export of tropical products found that developed-country offers were inadequate in terms of depth of tariff concessions and that, in this critical area of export interest to developing countries, developed countries were demanding reciprocal concessions. Moreover, the offers made so far by developed countries had resulted in the erosion of preferential margins enjoyed by those developing countries whose economies were heavily dependent on these products. Removal of tariff and non-tariff barriers and reduction and elimination of tariff escalation with regard to tropical products exported by developing countries should receive the priority it deserved and any trade liberalization in this area should not divert trade away from the traditional developing-country suppliers of tropical products.

197. The textiles and clothing sector should be relieved from restrictions and reintegrated into GATT after nearly 30 years of exclusion. Developing-country exporters of textiles and clothing expected liberalization of the trade in this sector to lead to a substantial improvement in their export earnings. The agreement in this area should result in an appreciable decrease in the scope of restrictions, acceleration of the phase-out of the restrictive trade regime - the MFA - decreased protection to the domestic industries of MFA-user countries, progressive elimination of selective safeguards and limitations on the resort to trade harassment measures in this sector.

198. The impasse at Brussels could be attributed in large measure to failure to achieve the objectives in one key area of liberalization - that of agricultural trade. This would continue to influence any likely resumption and conclusion of the negotiations. Developing countries supported greater liberalization of trade in agriculture by increasing access to markets and by substantial reduction in internal support and elimination of export subsidies and all derogations deriving from waivers and protocols of accession of developed countries. The final aim of this process was to achieve the integration of agriculture into the GATT. For developing-country exporters of agricultural products, liberalization of agricultural trade was of crucial importance. It was also important to emphasize the development dimension in agriculture and the special role that agriculture played in a developing economy. Any agreement on agricultural trade should provide flexibility and autonomy in the use of all measures relating to internal support programmes, export subsidies and border measures to developing countries. The net food-importing developing countries needed measures to be in place to offset the burden arising from an increase in food prices in the short and medium term on account of reduction and/or elimination of subsidies by major food-exporting countries.

199. Trade in natural resource-based products, including their semi-processed and processed forms, was another market access issue where there was little progress. The paralysis in this area was mainly due to the totally untenable and unacceptable demand of some developed-country participants for concessions on access to supply of natural resources of developing countries. There was little sign of progress on the reduction or elimination of tariffs, especially tariff escalation and non-tariff measures on such sectors as fisheries. A positive outcome in this area would result in considerable benefit to a large number of developing countries. Such an outcome should offer improved import access through deeper cuts in rates applicable to GSP beneficiaries and least developed countries and extension of preferential coverage, as well as limiting the erosion of preferential margins and potential trade losses for the most vulnerable countries.

200. Developing countries supported a strengthening of the GATT rules and disciplines so as to clarify and resolve the shortcomings that had arisen in the interpretation of the rules of the GATT system, and provide greater security and predictability in their application and in their compliance. However, the outcome in these areas should be balanced and benefit all participants, especially developing countries. Nowhere was the attempt to deprive developing countries of their rights under the GATT and to set aside their special needs and interests more evident than in the move of some developed countries to review GATT Article XVIII, especially its section B.

Developed countries were seeking to abridge or deny the right of developing countries with balance-of-payments problems of a structural and persistent nature to exercise the necessary flexibility in trade policies. Such a move had far-reaching negative implications for them and was totally unjustifiable at a time when the need of the developing countries to invoke Article XVIII was greater. Neither any change in the Article itself nor in the procedures for its invocation would be acceptable to developing countries.

201. Developing countries attached high priority to a comprehensive agreement on safeguards which reaffirmed the MFN principle and outlawed grey-area measures. They resisted attempts to legitimize discriminatory safeguard action against exports from "selected countries". Selectivity was the very antithesis of all that the GATT stood for, and any trade liberalization resulting from the Uruguay Round could well find itself thwarted or set at nought by discriminatory restrictions against specific suppliers or by perpetuation of grey-area measures, and could hit the most vulnerable trading partners, the developing countries. Any outcome in this area should not compromise on the question of selectivity, nor should it seek to differentiate among developing-country exports on the basis of market share thresholds. It should also include a programme for the elimination of grey-area measures.

202. The objective of improving, clarifying and expanding, as appropriate, the entire range of agreements and arrangements or codes negotiated in the Tokyo Round meant that, in respect of developing countries, the obstacles to their effective participation should be removed, that the agreements be made less restrictive and that difficulties in their implementation be effectively addressed. But it was the work on the new Anti-dumping Code which had the most significant implications for developing countries, given the proliferating use of these measures, often as a surrogate for selective safeguards. Proposals being considered could add considerably to the wide array of protective instruments that could be used under the garb of anti-dumping measures. Proposals for addressing alleged circumvention of anti-dumping measures applied on products by way of assembly or completion of parts and components thereof raised serious concerns in many developing countries about their anti-development and anti-investment nature, given the interlinkages of global manufacturing operations. The broadening of the definition of similar products, recurrent anti-dumping treatment, more flexible conditions for imposing retroactive and provisional duties were prejudicial elements in these proposals. Developing countries would like the revised Anti-dumping Code to result in a reduction of the trade barrier and harassment effect of anti-dumping investigations, and to establish transparent and strict injury determination criteria, a fair methodology to calculate the margin of dumping, market-share and dumping-margin *de minimis* provisions and effective mechanisms for the review of anti-dumping decisions. Also, the Code should not itself become the source of renewed protectionism after the Uruguay Round.

203. On the issue of subsidies and countervailing measures, imbalances persisted between demands for stricter disciplines on measures that could be taken by developing countries in pursuit of their development and more flexible disciplines on internal subsidies applied by major developed countries. What was necessary was stricter disciplines on the use of countervailing measures so as to ensure that such measures were not used as

instruments of trade harassment and protection. Appropriate definition of the scope of prohibited, actionable and non-actionable subsidies and specific incorporation of provisions relating to special and differential treatment for developing countries in these disciplines were called for. There should be no attempt to undermine or circumscribe whatever flexibility they currently had on the use of subsidies as legitimate instruments for economic development.

204. There were repeated proposals put forward by some developed countries for the creation of a small Ministerial Group to meet frequently and provide political guidance and inputs for the smooth and efficient functioning of GATT. This was strongly opposed by developing countries who felt, on the basis of their past experience, that this would militate against democratic functioning of the GATT system.

205. In the negotiating group on dispute settlement, proposals had been put forward which sought to make the dispute settlement process completely automatic by installing an appellate mechanism which would seek to reduce considerably the role of contracting parties. While developing countries were deeply interested in making the dispute settlement process swift, fair and effective and in removing blockages, both in adoption and implementation of panel reports, they would like to maintain a strong and effective role for the Council in the modified dispute settlement procedures.

206. With regard to the new areas of TRIPS, TRIMs and services, he said that undue emphasis was placed by developed countries on obtaining far-reaching results in these areas. Developing countries were concerned that unbalanced results in these areas would have the effect of reducing the positive impact of foreign investment on development, impeding their access to technology and inhibiting the growth of their service industries and export capacities in such key area. There was also a general concern that the outcome in the new areas could prejudice development-friendly trade liberalization and expansion.

207. On TRIPs, he said that, while developed countries were attempting to achieve a comprehensive agreement on TRIPS based on upward harmonization and adoption of uniform worldwide standards on intellectual property rights protection with commitments of strict enforcement, developing countries were seeking to counter-balance these demands for strengthening the intellectual property rights of right-holders with stronger protection of the interests of society, the need for technological development and access to this, and the control of anti-competitive practices of right-holders. The accommodation of technological needs and public policy considerations by providing for flexibility in the assumption of substantive obligations by developing countries was an important prerequisite for a satisfactory outcome in this area. In regard to the mechanisms for the observance of obligations regarding intellectual property right protection, the role and competence of the national, legal and administrative systems had to be respected. The dispute settlement system might not allow for the possibility of retaliation in the area of trade in goods and the negotiations should take into consideration the work being done by WIPO in this connection. International implementation of the results of the negotiations remained one of the most controversial elements. The decision in this respect, especially on questions not related to trade, should recognize the competence and guarantee the functions and rules of the relevant international bodies such as WIPO.

208. On TRIMs, he stated that the negotiations were characterized by a basic imbalance since, while seeking tighter disciplines for the investment measures of developing countries, developed countries took the opposite attitude towards disciplines in trade policy that affected investment policies such as subsidies, anti-dumping and countervailing measures, quantitive restrictions and other non-tariff measures. Most developed countries sought a prohibition approach to TRIMS instead of confining the consideration of these measures to that of trade restriction and distortion effects, as called for in the Punta del Este Declaration. The prohibition approach represented attempts to protect the security and increase the profit of foreign investment without reference to the interests of host countries. Developing countries sought to uphold their right to determine whether, to what extent and on what terms they would permit foreign investment because only then would they be able to ensure the maximum development impact of foreign investment and counter the anti-competitive practices of transnational corporations. Their rejection of the prohibition approach was therefore prompted by their wish to continue to use TRIMS for stimulating genuine industrialization and inducing transfer of technology, managing balance of payments and channelling domestic employment. In his view, this "effect oriented" case-by-case approach, which would also deal with the problem of restrictive business practices, would best serve the interests of genuine trade expansion and development of the developing countries.

209. As to trade in services, he pointed out that the negotiations on a multilateral framework had suffered a set-back. He emphasized that any efforts to resuscitate the negotiations could only be on the basis of an automatic and unconditional application of the MFN clause, and an agreement on a universal coverage of sectors to be included in the framework. The framework should also constitute a recognition of the basic asymmetry in the situation of services in developed and developing countries, because of which specific obligations would have to be included in the framework to ensure increased participation of developing countries in international trade in services, inter alia through measures aimed at strengthening their domestic service sectors, including developing-country conditions placed on access for foreign suppliers and provisions of effective and preferential market access for service exports from developing countries. There should be no automatic right to market access, establishment and/or national treatment. Developing countries' commitments with respect to market access and national treatment would be confined to those sectors and subsectors where they would agree to specific concessions (the positive list) and that symmetry would be maintained between the treatment of movement of factors of production associated with the supply of services. Unless specific provisions elaborating these ideas were incorporated in the multilateral framework, it would merely become a device for consolidating the already dominant position of developed countries and their TNCs in the trade and production of services. The framework should instead be a dynamic instrument that would assist developing countries in developing core service sectors and establish a competitive position in international trade in services.

210. He also emphasized the importance of having a meaningful evaluation process as envisaged in Part I (G) of the Punta del Este Declaration. In his view, this would imply that not only sufficient time be provided between the evaluation of the package and its final adoption but also that whatever

deficiencies were identified as a result of the evaluation should be made good and differential and more favourable treatment to developing countries strictly incorporated in every aspect of the final package. He recalled that this requirement of a purposive evaluation had been rightly reiterated in the closing statement of the Chairman of the Ministerial Meeting of the TNC in Brussels.

211. Referring to the concept of the Uruguay Round being a single undertaking, he said that this had been introduced at a very late stage in the negotiating process and it was tantamount to a breach of good faith as this was not the basis on which the negotiations had been conceived in the Punta del Este Declaration or conducted over the last four years. Whatever the outcome of the Uruguay Round, he held that it was desirable and indeed prudent to avoid an approach that would force developing countries to accept and implement, in the name of the Round being "a single undertaking", all the results of the Round or to opt out of the multilateral trading system. Provision of flexibility, not only in terms of the time derogation principle but also in absolute terms, should be available to developing countries so that they were not put in the position of having to accept obligations in some areas which were inconsistent with their developmental, financial and trade needs.

212. With regard to proposals made by some developed countries relating to institutional arrangements to implement the results of the Uruguay Round, especially in the new areas, he said that they were clearly not covered by the mandate. In his view, such institutional arrangements, as proposed, were limited in scope and not fully responsive to the needs of the international trading system, especially the developmental aspirations of developing countries, and could legitimize retaliation in the form of trade restrictions in response to developing-country policies on services, technology or foreign investment. Progress should be made towards establishing universal, comprehensive, development-oriented international trade arrangements in the United Nations, covering both trade liberalization and other issues which had a bearing on trade and development, including control of restrictive business practices, transfer of technology to developing countries, trade financing and international monetary policies having an impact on trade, etc.

213. As for UNCTAD's specific role in monitoring developments and issues in the Uruguay Round of particular concern to developing countries, he emphasized the continuation of the tradition of providing development inputs into the process of trade liberalization negotiations. UNCTAD had made a signal contribution in terms of providing technical assistance to developing countries participating in the Uruguay Round, and he expected such technical assistance to continue not only till the end of the Uruguay Round but also beyond, because there would be much that would still require further elaboration and understanding from the point of view of the implications of the outcome for the trade and development prospects of developing countries. Finally, he expected that, whatever the timeframe for the completion of the Uruguay Round, UNCTAD VIII should also be seized with these issues.

214. The representative of the International Monetary Fund (IMF) stated that the opening up of markets and trade liberalization were often major elements of Governments' economic reforms, although in many industrialized countries

there had been more emphasis on domestic deregulation than on external liberalization. Regrettably, many industrial countries were lagging behind in implementing the needed structural reforms, and the threat of defensive trade actions in some sectors and of increased concentration of economic power/market management in others continued to be present. Moreover, little had happened with respect to the commitment not to use measures inconsistent with the GATT during the Uruguay Round multilateral trade negotiations and to roll back such measures so that they could be eliminated by the end of the Round. Nevertheless, despite these difficulties, the longest period of economic expansion since the end of the Second World War had been coupled with a rate of growth of world trade that outstripped that of production by some 50 per cent during 1983-1989, compared to 25 per cent in the 1970s. Recognition of the dynamic role of trade and of the consequent need to curb protectionist tendencies were factors that gave rise to widespread support for a successful conclusion of the Uruguay Round.

215. It was now generally agreed that structural policy reforms were essential to achieving the aims of growth strategies. Structural adjustment was not, however, an easy process. In many cases, it required countries to address problems that were deeply embedded and that involved powerful vested interests. This was clearly a factor in the persistence of protectionist measures in many countries. Nevertheless, the long-term health of the world economy demanded that countries bring greater balance to their economies. Given their potential to affect the prospects of others, the industrial and larger developing countries had a particular responsibility in this regard, especially where access to their markets by either domestic newcomers or foreign producers was concerned. Industrial countries especially needed to act soon, and forcefully, to improve the global economic environment. Moreover, structural adjustment efforts must be supported by adequate flows of financial resources. For its part, the Fund would continue to provide financial (and other) assistance to countries implementing strong adjustment programmes. It was important to note that, even with the large demands related to the needs in Central and Eastern Europe, Fund resources would not be shifted away from other regions.

216. Over the past few years, a significant number of countries (many of them developing ones in every continent) had incorporated ambitious trade liberalization policies in their Fund-supported adjustment programmes. Although it was widely recognized that the prime benefits accrued to the reforming countries themselves, the success and sustainability of these policies were inextricably linked to an open multilateral trading system. In this respect, the resumption of the Uruguay Round negotiations was particularly welcome, as a successful outcome to the Round would enhance unilateral trade liberalization, by improving market access and reinforcing rules that guaranteed against unpredictable changes in such access. To achieve such an outcome, the recent resumption needed to be coupled with a genuine commitment to deal with the difficult areas, such as agriculture, tariffs, other market access areas, and services. It would be regrettable if the courage shown by so many countries in implementing structural adjustment policies was not matched by similar courage in shaping an open multilateral trading environment to sustain those policies.

217. The representative of Canada stated that his country was committed to the maintenance and improvement of an open multilateral trading system and was actively working to bring the multilateral trade negotiations to a prompt and successful conclusion. He expressed the strong view that the most solid basis for lasting beneficial international trade relations was an open, stable and liberal trading environment regulated by the GATT rules. He called for the strengthening of the world trading system with a world trade organization that would emerge from successful Uruguay Round negotiations. He was disappointed that the Brussels meeting could not bring the Uruguay Round to a timely and successful conclusion and reiterated his Government's determination to continue working for a successful outcome at the earliest possible date.

218. He objected to the fact that UNCTAD documents continued to focus exclusively on the policies and performance of developed countries, particularly in so far as these were perceived to have damaging consequences for developing countries. While acknowledging that there were shortcomings in developed-country policies, he hoped that these could be redressed in the Uruguay Round negotiations. Shortcomings in developing countries were passed over and there was a lack of realistic analysis which might have helped those seeking to redress such policy shortcomings. This overall bias persisted in the analysis in the secretariat report TD/B/1282 - the latest example of a tendency to assign to developed countries most of the blame for the lack of progress in developing countries. This simply did not accord with the facts. And it was a disservice to the development process to insist on perpetuating such an approach.

219. He observed that the report also focused excessively on Eastern Europe and promoted the view that official and private resources were being diverted unfairly away from traditional recipients without attempting to examine why this might be happening or identifying the national policies that developing countries ought to adopt to attract resources from developed countries. He also questioned the report's assertion that new free-trade arrangements among developed countries were inimical to the trade interests of developing countries. In contrast, the analysis made by the Canadian authorities on the Free Trade Agreement between Canada and the United States showed a positive overall economic impact created by this Agreement, including trade opportunities for developing countries.

220. With regard to the analysis of non-tariff measures, he noted that the report (TD/B/1284) addressed only the impact on developing-country exports of NTMs maintained by a group of developed countries and neglected completely the impact on developing-country exports of NTMs maintained by other developing countries. It also ignored the trade diversionary effects that developing-country NTMs could have on the markets of developed countries. Moreover, the report focused on only one kind of "cost and consequence" - namely the export revenue losses incurred by developing-country exporters. It would have been much more useful, however, had it also focused on other costs, for example the implicit subsidies paid by consumers in the importing countries, or the economic rents accruing to both domestic and foreign producers of the protected products; plus the loss of competitiveness of exports in so far as these did not have access to world-priced inputs.

221. The Canadian Government truly believed that the secretariat could bring a better balance into its research by working more closely with other organizations such as GATT, OECD, the World Bank and IMF, and by avoiding the confrontational "us versus them" approach implicit in much of its documentation. He also urged all delegations to undertake an active review of the organization's work and warned that if the critical thoughts he had expressed were not appropriately reflected in UNCTAD's work, the relevance of the organization in contributing to the achievement of individual and shared priorities in the field of trade and development would be called into question.

222. The representative of Japan, expressing support for the statement made by the spokeswoman for Group B, said that the international community was now faced with a conjunction of fundamental challenges and opportunities. The Gulf countries faced the problem of reconstruction, in cooperation with other countries concerned. In Central and Eastern Europe, transition to democracy and market economies had turned out to be a painful process. Many developing countries continued to face a variety of difficulties, such as high inflation rates, persistent recession, a high level of unemployment and debt problems. Furthermore, growing concern over environmental issues had added new dimensions to their developmental process. To meet the challenges and opportunities the current world economic situation provided, developing countries would have to continue their adjustment and economic reform process. It was critically important for these countries to build competitive supply capabilities in order to take advantage of trade openings in both developed and developing countries which the outcome of the Uruguay Round was expected to offer. His country was determined to do its utmost for an early and successful conclusion of the Round.

223. A healthy and stable economy was a prerequisite for improvement of living standards. The efforts to attain such an economy should find practical expression in such measures as practising prudent government expenditures, controlling inflation and maintaining realistic exchange rates. Priority needed to be established in these measures in accordance with the varying economic situations of the individual developing countries. In his view, it was clear that ascribing a primary role to national policies was the key determinant of development. A determined effort to achieve self-reliance was the fundamental factor, without which no international support could bear fruit.

224. To support adjustment efforts of developing countries, the World Bank and IMF had established several facilities. Japan, aware of its position in the international economic arena, had contributed to these multilateral facilities and extended its bilateral assistance to those countries undertaking structural and economic reforms. For example, Japan had implemented non-project-type untied grant assistance totalling about $500 million from fiscal year 1987 to 1989 for the purpose of helping low-income countries, especially in Africa, to overcome their immediate difficulties in balance of payments and to strengthen their economies through structural adjustment efforts. This assistance had been extended for another 3 years, beginning fiscal 1990, on an expanded scale of about $600 million. He was pleased to note that this multilateral and bilateral cooperation had been utilized effectively in the process of structural adjustment of developing countries.

225. The representative of Yugoslavia, noting the current unfavourable international economic environment, pointed to the factors impeding the restructuring process and the development of developing countries. A meaningful outcome of UNCTAD VIII was of crucial importance for creating conditions favourable to successful structural adjustment, for suppressing protectionism and strengthening multilateralism and international cooperation. The majority of developing countries had already contributed to the process of restructuring the world economy through autonomous reforms and implementation of structural adjustment policies. His country was facing serious problems in meeting the challenges of restructuring and transforming its economy and society and a number of external factors were weakening these efforts. Among those factors, he pointed in particular to the negative consequences of the Gulf war for the economy of his country, which was expected to entail losses of over US$ 5 billion in the period 1990-1994. Nevertheless his country had initiated radical changes in the overall economic system in order to accelerate structural adjustment, to achieve a more competitive and efficient production and to open further the economy to external competition. As a result of this liberalization, trade with developed market-economy countries had expanded considerably, resulting in an increase of the trade deficit with these countries. However, exports continued to encounter trade barriers, notably the abusive recourse to anti-dumping measures.

226. In spite of the present difficulties his Government intended to pursue its reform programme. The goals involved in that programme could not be met without significant additional external financial support and the positive outcome of the Uruguay Round would contribute to their achievement. He stressed that the success of the Uruguay Round could be ensured only through a balanced outcome of the negotiations that would acknowledge the interests of developing countries and would recognize the autonomous trade liberalization made by these countries.

227. The representative of the United States of America stated that his country had made every effort to ensure the conclusion of the Uruguay Round by the internationally agreed time-frame of four years. Like others, he was pleased that the negotiations had resumed in all areas in the hope that a comprehensive result might be achieved. The promise of multilateral agricultural reform through the negotiation of specific binding commitments on the reduction of barriers to market access, export subsidies and trade-distorting internal supports had helped to reinvigorate the talks. So had the tabling of offers for initial commitments in services, market access and the resolve demonstrated to meet targets for liberalization of market access as agreed. These were welcome developments and he would urge those participants who had not yet taken steps to table or improve offers to do so, in both goods and services, so that negotiations could proceed in a business-like manner.

228. A strengthened multilateral trading system through successful completion of the Uruguay Round was the cornerstone of other United States initiatives to expand and improve its trade relations. Two particular initiatives had been highlighted recently. Earlier in 1991 the leaders of the United States, Canada and Mexico had decided to pursue a trilateral North American Free Trade Agreement (NAFTA). Successful conclusion of the NAFTA would expand market

opportunities and increase prosperity. Such a free-trade area would create a market of 360 million people, with an annual production of more than six trillion dollars. The President and the Administration were continuing to consult with the private sector and legislative branch on the NAFTA. In June 1990, President Bush had announced his Enterprise for the Americas Initiative (EAI). This Initiative included provisions on trade, debt and investment. In the EAI, the President had stated his vision of a free trade area in the American hemisphere. The creation of such an area would require many years of hard work and difficult negotiations. He viewed these bilateral initiatives as complementary to - and not a replacement for - a successful Uruguay Round and a strong multilateral trading system.

229. As in past years, the United States would continue to use United States trade laws to complement its multilateral and bilateral objectives of free markets and fair trade. This included implementing the 1988 Trade Act provisions. Other trade law provisions would also continue to be faithfully implemented. In order to achieve these goals, however, his Government had first to secure the extension of fast-track procedures for the approval of trade agreements. On 1 March 1991, President Bush had submitted to Congress his request for an extension of these procedures. In his report to Congress that accompanied the request, the President had stated that he intended to use the fast-track extension to pursue completion of the Uruguay Round, for the consideration of the NAFTA, and to pursue the trade objectives of the EAI. He would rather not speculate on the prospects for fast-track extension except to say that there were no guarantees. It was true that disapproval resolutions had been introduced in both the House and the Senate and votes would be taken in both Houses. He cautioned those who might be tempted to suggest that international negotiations be delayed until the fast-track procedures were secured in the United States. His country intended in the Uruguay Round negotiations to work within the schedule outlined by the Chairman of the Trade Negotiations Committee on 26 February 1991. It was vital to proceed with this technical work, particularly in such time-consuming areas as agriculture, services and market access. He urged others to work with his authorities in making progress in the negotiations, in part because further delay would only provide additional reasons for opponents to disapprove the fast-track.

230. Turning to protectionism and structural adjustment, he recalled the importance which the Board attached to an open and transparent process for the development, implementation and administration of trade policies by all Governments. The domestic procedures in his country provided for the necessary public debate on the issues. He could well understand the importance which the secretariat placed on the United States economy as an engine for growth in the global economy: the United States continued to be the market for about one third of total exports from developing countries and for an even higher share of manufactured exports. Unfortunately, the secretariat analysis (in particular TD/B/1282, part two, chapter III) presented a flawed and inaccurate picture of the United States economy, and he wished to correct some common misconceptions about the trade situation of his country. He cited a number of trade statistics and trends which demonstrated that the United States, far from being a country with a "poor export performance" and experiencing a "decline in its competitive base", on the contrary welcomed free and fair trade and was maintaining an open market to the goods and services of other countries, particularly developing countries.

The current outlook for a relatively short, shallow recession hinged in part on sustained United States export growth. While he welcomed constructive criticism of the United States economy in the future, he hoped the secretariat would provide a more accurate picture on the basis of sound analysis.

231. The representative of Algeria, expressing support for the statement made on behalf of the Group of 77, stated that her country had introduced a far-reaching set of economic policies to revitalize growth and development. New legislation had been enacted on export promotion, competition, private enterprise promotion, prices and foreign-exchange liberalization, private investment, as well as in the areas of technology, training and human resource development. These reforms, which were of a long-term nature, had been introduced in a particularly difficult international context, dominated by financial instability, mounting foreign debt, negative net resource transfers, deterioration of the terms of trade, scarce foreign investment and other obstacles related to technology transfers and access to markets. These shortcomings pointed to the need for a rapid, balanced and equitable outcome to the Uruguay Round, which would guarantee the participation of developing countries in the world economy on a non-discriminatory basis, in conformity with the Punta del Este Declaration.

232. The changes in Eastern European countries provided an opportunity to reflect on the ways to ensure the success of reforms also being undertaken in most developing countries with a view to ensuring their better integration in the world economy. In this respect, she expressed the hope that the extraordinary session of the Economic and Social Council to be held in July 1991 at ministerial level would provide a forum for a close review of East-West relations and their impact on the world economy, and in particular that of developing countries.

233. Her country supported the efforts of the international community to reduce the alarming asymmetry between developing countries and developed market-economy countries, and she welcomed General Assembly resolution S/18/3, pertaining to the Declaration on International Economic Cooperation. In this context, the convening of UNCTAD VIII constituted an earnest on the part of the international community with regard to its commitments to attend to the needs of the third world. It was important to strengthen the multilateral trade negotiations with a view to arriving at mutually agreed solutions that would ensure an equitable sharing of the burden of adjustment.

234. The representative of Egypt regretted that the Uruguay Round negotiations were not yet completed and emphasized the importance of a balanced outcome which would take fully into account the interests of all participants in the negotiations, particularly the developing countries. It was particularly important at this late stage that the negotiations be transparent so as to guarantee a real contribution of all the parties to the negotiations. Furthermore, the parties concerned should not only show flexibility but should also review their aims in the light of the experience gained during the past four years of negotiations while attempting to place their aspirations on a practical basis. Thirdly, there was need to implement the principles of standstill and rollback, taking into account the letter and the spirit of the Punta del Este Declaration and of the Mid-Term Review. Differential treatment

of developing countries should be reflected in concrete measures and commitments. The developing countries should not be asked for concessions that would be contrary to their development, trade and financial needs. All subjects in the Round should be given balanced attention, without allowing all subjects to become hostage to one subject, and the negotiations should take into account issues of special importance to developing countries. The developing countries, including his own, had shown flexibility in dealing with the demands of other parties, particularly with regard to the new issues in these negotiations. The time had come for the other parties to the negotiations to show greater understanding of the conditions and needs of the developing countries - needs which were economic, technological and financial - while taking into account the current conditions experienced by the international economy and its impact on their countries. The liberalization of international trade should not be divorced from other economic, monetary and financial variables.

235. He added that the programme of technical assistance of UNCTAD to countries participating in the Uruguay Round negotiations had been extremely useful and should be continued. Moreover, UNCTAD's role in following up on the developments of the Uruguay Round should also be continued. His country was participating in the Uruguay Round in a constructive and effective manner, in acknowledgement of the fact that it would have to assume further responsibilities. These responsibilities must, however, fall within the framework of its capacities and should provide for flexibility. The assumption of such responsibilities presupposed the existence of a new international trading system that would result from the Uruguay Round - a more equitable system that would provide the required protection for small and weak parties and would allow them to participate in formulating the system itself and to benefit from trade liberalization and expansion.

236. With regard to protectionism and structural adjustment, his delegation entirely agreed with the statement made on behalf of the Group of 77. However, he wished to emphasize the economic costs as well as the social burden borne by the developing countries that were implementing structural adjustment programmes and economic reforms. In this connection, decisive measures should be taken by developed countries for the opening up of their markets to developing countries. Similarly, the current world economic conditions added to the burden of developing countries, such as Egypt. For this reason, the international community, and particularly multilateral financial institutions, should show understanding and should provide effective assistance to these countries, particularly by increasing the flow of resources which would enable them to carry out these economic reforms in accordance with their capacities, their development needs, and their social and economic conditions.

237. Recalling the mutual benefits of years of trade and economic cooperation between his country and the countries in Eastern Europe, he said that, while he appreciated the economic difficulties being faced by those countries and their right to undertake reforms and to seek the reintegration of their markets in the world economy, it was necessary to ensure the maintenance and expansion of trade between individual countries of Eastern Europe and developing countries, taking into account mutual advantage and the development objectives of developing countries. He considered that it was necessary for

this issue to be examined in UNCTAD, both at the intergovernmental level and at the secretariat level. The work in UNCTAD should guarantee the examination of the implications of current changes in the economies of Eastern Europe and in patterns of East-West relations for trade and economic cooperation between developing countries and countries of Eastern Europe with a view to identifying new opportunities for trade and economic cooperation between developing countries and individual countries in Eastern Europe, without interfering with the right of the latter to decide on their own policies. The Working Party on the Programme Budget and Medium-term Plan should ensure that UNCTAD undertake this role.

238. The representative of Indonesia regretted that international trade during the 1980s had been characterized by a number of unfavourable aspects such as increased protectionism, the erosion of the principle of non-discrimination and multilateralism, and the growing tendency to resort to managed trade and unilateralism, despite commitments to halt and reverse protectionism and promote structural adjustment, while taking into account the export interests of developing countries. He stressed that a growing number of developing countries had launched policies aimed at promoting their economic openness by building up their economic competitiveness. In 1990, Indonesia had adopted another package of trade liberalization measures. This package included the reduction and elimination of non-tariff measures on hundreds of import products and the reduction of customs duties and import surcharges on a substantial number of products.

239. He considered that the trend towards protectionist policies would obviously diminish the export markets of the developing countries, which in turn would hamper their structural adjustment efforts. He hoped that all countries, in particular developed countries, would further intensify their efforts to fulfil their commitment to promote international trade, especially the exports of the developing countries.

240. He added that, following the fall in oil prices in 1982, his country had undertaken a comprehensive and ongoing process of economic reform. Since that time, the Government had pursued a series of structural adjustment policies which were primarily directed towards setting the correct prices, allowing market forces to act, and reforming public institutions. To this end, a series of devaluation measures, a number of packages of deregulation for trade and the financial market, and a public institutional reform had been undertaken. All these economic reforms had been guided by the chain of reasoning ranging from the promotion of growth and development through exports other than oil to deregulation and greater reliance on more competitive markets. Those who had experience of the launching of economic structural adjustment or economic reform programmes would be fully aware that their success depended very much upon the stability of the domestic and international economic environment. If structural adjustment in the developing countries were to be successful, corresponding economic reforms should be pursued by the developed countries as well.

241. Finally, he said that there was growing awareness of the need for joint responsibility to ensure that the Uruguay Round did not collapse in the aftermath of the Brussels meeting. It had also been recognized that a more

flexible approach must be adopted to achieve an acceptable balanced outcome which would not undermine confidence in multilateral negotiations and irreversibly weaken GATT.

242. The representative of Argentina recalled the establishment of the "rules of the game" for an international trading order and the subsequent inclusion of Part IV in the GATT, as well as initiatives taken in UNCTAD, which both aimed at favouring the expansion of exports of developing countries. One of the most striking paradoxes in recent history had been the change in reciprocal attitudes of developed and developing countries since the late 1970s. While many developing countries had initiated a marked process of trade liberalization and adjustment of their accounts, in particular those of the public sector, some developed countries had taken measures to protect their industrial and agricultural sectors from the challenge of the more efficient competitivity of many developing countries. These new "grey area" defensive devices not only discouraged competitivity but also infringed the market rules.

243. In recent years an increasing number of developing countries had embarked on structural adjustment programmes aimed at opening up their economies, with a view to enhancing their international competitiveness and export capability. Argentina had participated in this process through a number of economic reforms which were being implemented thanks to an enormous effort by the whole population. Although the adjustment had repercussions on the weakest sectors of society, the alternative would have been stagnation as the previous inefficient system of resource allocation and production structures could not be endured by an exhausted society. But the success of the programme undertaken was to a large extent contingent upon an improvement in the international economic and trading system that would allow developing countries to benefit effectively from a broader market. It was necessary for developed countries to back their statements with political will by introducing the necessary structural adjustment to correct the flows in the international trading system. In this context, the Uruguay Round was an indispensable step towards the removal of the exceptions to the rules of the game, making possible the best global resource allocation. His country was committed to the multilateral trade rules and hoped to see the same degree of commitment on the part of the more advanced countries.

244. The representative of Nigeria supported the statement made on behalf of the Group of 77. In view of the persistent protectionist measures being applied against developing countries, the Board's annual review of protectionism and structural adjustment seemed to have become a mere ritual rather than a genuine effort to combat the ills of the international trading system.

245. Although most developing countries, especially in some parts of Latin America and Africa, had undertaken substantial liberalization of their trade regimes, there had been no significant improvements in market access conditions for products of export interest to them. In Africa alone, 38 countries had adopted the IMF and World Bank supported structural adjustment programmes at great social costs to themselves, but their problems were still far from easing. He considered that structural adjustments should not be limited to the developing countries alone but should be implemented in

a corresponding manner by the developed countries as well. The latter need to make greater efforts to open their markets to products of export interest to the developing countries, particularly in areas where developing countries had some comparative advantages such as textiles and clothing. For this reason, his country attached significant importance to the success of the ongoing Uruguay Round of multilateral trade negotiations. His country was therefore concerned that the progress already made in some sectors of interest to Africa, such as tropical products and natural-resource based products, did not go far enough. More worrying still was the fact that the African countries would be the only developing countries that might experience a net loss of the export revenues in both tropical and natural resource-based products on an aggregate basis by virtue of the tariff offers made by major developed countries at the end of July 1990.

246. He recalled that, in July 1986, his country had adopted a structural adjustment programme aimed at correcting the anomalies of the economy and at putting it back on the path to sustained growth. The basic objectives of the programme were: to restructure and diversify the productive base of the economy in order to reduce dependence on the oil sector and on imports; to achieve fiscal and balance-of-payments viability over the period; to lay the basis for a sustainable non-inflationary growth; to reduce the dominance of unproductive investment in the public sector by improving that sector's efficiency; and to enchance the growth potential of the private sector. To achieve the above objectives, the Government had adopted a number of measures, including the adoption of a realistic exchange rate through the establishment of a foreign-exchange market, the rationalization and restructuring of the tariff regime, and the commercialization/privatization of public sector enterprises. The expected support from the international community had not been forthcoming, including in the form of foreign direct investment. His country continued to hope that the improved opportunities for foreign investors made possible by the current deregulation would fully be exploited.

247. The representative of the Union of Soviet Socialist Republics stated that his delegation shared the concern expressed at the many remaining quantitative restrictions, the development of "non-traditional" forms of protectionism, and in particular the application of the so-called "voluntary export restraints". He pointed out that protectionist measures affected the trade of many countries and that the Soviet Union was no exception. While noting the positive processes and trends which had emerged in international trade in 1990, he drew attention to selective trade measures and to the differential approach to abolition or relaxation of the restrictions in respect of certain countries, including the Soviet Union. In striving for fuller integration into the world economy, the Soviet Union attached great importance to the Uruguay Round, in the firm conviction that its results would substantially determine international trade and the political environment, both in the mid-term and in the long term; it was also interested in achieving an open character in the future agreements reached in the MTNs.

248. While he took a positive view of the UNCTAD secretariat reports as a whole, he drew attention to a number of shortcomings, in particular the inadequate treatment of the economic reforms in the Soviet Union. With regard to further activities of the secretariat, he felt that, in the process of integrating East European themes into the general pattern of international

trade problems, due attention should be paid to the measures needed to overcome the difficulties of the transitional period in these countries as well as in their trade with other countries and, in the first place, with the developing ones. This aspect should be duly reflected in the organizational structure of the secretariat, inter alia by preserving appropriate coordinating structures. He also urged the secretariat to prepare, making full use of its universal character, a comprehensive study on protectionism and on ways to remove it. As problems requiring the in-depth attention of UNCTAD, he mentioned the impact of growing integrational processes on trade flows and the need for the abolition of discriminatory barriers in scientific and technical exchanges.

249. Outlining the main aspects of the economic reform and, in particular, policy and developments in the foreign-trade regime of the USSR, he described the complicated economic situation and structural adjustment measures intended to stabilize that situation and to create an open-type competitive economy that would be compatible with the world trading system and able to contribute to the improvement of the global economic environment and growth of international trade, in particular to the trade and economic cooperation with developing countries. In this regard, he specifically elaborated on the new customs, foreign exchange and investment legislation being adopted in the USSR. He also drew attention to TD/B/1283/Add.2, which contained updated information on the trade regime in the USSR.

250. The representative of Ghana stated that, in common with other developing countries that were at present coming to grips with the problems of internal economic management, his Government had pursued in earnest the policies adopted under the Economic Recovery Programme since its inception in 1983. As a result, Ghana had continued to achieve successive years of growth of real GDP averaging more than 5 per cent over the period 1984-1989. According to preliminary information, however, real GDP was estimated to have grown by only 2.7 per cent in 1990. This slow-down was in part due to the adverse developments in the global economy. For instance, 1990 had seen the lowest ever tonnage price for cocoa for nearly two decades. As was well known, his country derived over 60 per cent of all its export earnings from cocoa.

251. Since 1988, Ghana had taken further steps in the face of tremendous social problems, especially in areas such as education, health and rising unemployment, to enhance the liberalization policy of trade and payments initiated in 1983 under the Economic Recovery Programme. As part of the continuing process in the liberalization of the trade and payments system, the Bank of Ghana had, since March 1988, authorized the establishment of the Forex Bureaux where the public could freely purchase or sell foreign currencies at open market prices. Various other measures, such as the abolition of the import licensing system in 1989, had also been taken in line with the Government's policy of decontrolling the economy.

252. He stressed that such bold policies on the part of developing countries would yield positive results only in a healthy international economic atmosphere. It was in this light that he viewed with concern the conclusion drawn by the secretariat in TD/B/1282 that most of the quantitative restrictions or measures which existed before the launching of the Uruguay Round were still in force in December 1990. His Government's analysis

was in line with the conclusions of the UNCTAD secretariat that, considering the tariff offers by major industrialized countries as at the end of July 1990, on an aggregate basis the African region was the only one among the developing regions that would experience a net loss in export revenue both in tropical products and in natural resource-based products. He believed that the Uruguay Round should not lead to the displacement of any country from any particular market and that it should be mainly trade-creating. He therefore called for urgent corrective action to ensure balanced results of benefit to all countries.

253. The spokeswoman for Group B (Switzerland) stressed that the statement made on behalf of the Group of 77 and the secretariat note (TD/B(XXXVII)/CRP.5 and Corr.1) did not reflect the reality of the negotiations in the Uruguay Round. This reality did not divide the world in two parts, the industrialized and the developing one, or the North and the South; rather the reality was that of a world of variable geometry, where the interests of each country corresponded to the interests of some other, often very different countries, depending on the precise issue at stake. It was important to remember that the negotiating process was still going on. Each Contracting Party of GATT had the possibility to defend its own interests in the Uruguay Round negotiations, alone or with other countries sharing converging interests. The whole dynamic of this Round lay in the active participation of all the Contracting Parties and in the exchange of meaningful concessions during the negotiating process. The statement of the Group of 77 gave the impression that developing countries were exclusively under obligation and received no rights in return. This was not a balanced view. In keeping with the Punta del Este Declaration, industrialized countries were not requesting from developing countries concessions inconsistent with their individual development, or with their financial and trade needs. Industrialized countries were simultaneously prepared to put their own concessions on the negotiating table. As had already been stated, the demands of the Group of 77, as described in their statement as well as in the secretariat's documentation, were sometimes difficult to reconcile with each other. Mention had been made of the demands concerning the GSP and MFN treatment. Liberalization of trade on an MFN basis could not always be done jointly through an increase of GSP margins, as requested for example in the negotiation on tropical products. Some developing countries had an interest in the first type of concession; others wanted the other type of measure, and both could not always be added up. To give another example, it was not possible to insist on the one hand on acceptance by all participants of higher levels of discipline and, on the other hand, to insist on the importance of the flexible application of trade policy rules and disciplines.

254. She observed that the Uruguay Round was a multilateral trade negotiation. It offered all participants the opportunity to obtain a positive outcome. It was not a zero-sum game. This implied, however, that all participants were ready to contribute in a substantive way to the result, even if this meant some pain for each of the participants in certain areas. Everybody had to give in order to get something. The strengthening of the multilateral trading system and the unambiguous adherence to multilateral rules and disciplines were in the interest of everybody, particularly of the smaller developing and developed trading nations.

255. The representative of Ecuador expressed concern over the disparity between commitment and the actions taken by the various country groupings in the area of protectionism and structural adjustment. He contrasted the striking difference between efforts made by developing countries in adopting structural adjustment measures to liberalize their economies with the reluctance of developed countries to embark on similar policies. He cautioned that no policy adopted by developing countries to improve their trade competition conditions would be of any value if the international environment failed to foster better market access to developed countries. Developing countries had incurred severe hardships in the adoption of appropriate measures to meet the pressing needs of their societies and expected States with greater economic power to assume their responsibilities in reversing the protectionist tendencies which impaired economic growth.

256. Turning to the subject of the East-South economic relations which had been discontinued in the Board's discussions, he stressed the need to analyse the manner in which countries in Eastern Europe were being integrated in the world economy as well as the possible consequences of this process. He was concerned at the possible diversion of resources which had until now been intended for developing countries. Adjustment policies in such States that had favourable consequences for exports from developing countries should be encouraged, rather than the opposite trend which would constitute a selective protectionism.

257. He stressed the need to reverse the negative trends which characterized the international environment. There was a need to reach agreements and valid commitments among all country groupings, aimed mainly at the dismantling of protectionism, the support of commodity prices, transfer of technology and financial resources, and, above all, the search for solutions to the foreign debt problem. He also referred to the consequences of the Gulf crisis as a factor which could worsen the international economic situation.

258. The spokesman for the Group of 77 (India) said that his Group had listened with interest to the many statements made on agenda item 2. The statements had been very informative and had shown a positive attitude and constructive spirit of understanding. The Group of 77 appreciated this and wished to respond to a few important points raised in some of the statements.

259. The Group of 77 was happy to note in Group B's statement the appreciation of the autonomous trade-liberalizing measures being increasingly taken in developing countries. Developing countries were being advised to continue this trend on the ground that market-based policies were "the best way towards sustained non-inflationary growth". As in the past, the Group of 77 acknowledged the merits of market-oriented policy provided it was used in a prudent manner which took into account the actual socio-economic realities and development priorities of the countries concerned. It could not be advocated as an unidimensional and doctrinaire approach, or as a panacea for all problems in all countries. As UNCTAD studies - especially the sample of the 32 developing countries analysed in the Trade and Development Report 1989 - brought out, enlightened and effective State intervention together with a prudent reliance on market signals would have the best chance of success. Moreover, the pursuit of efficiency must integrate the larger social objectives, including that of equity.

260. As to Group B's intentions to encourage developing countries to continue to apply market-based policies and further liberalize their economies, the Group of 77 felt that an approach based on ideology alone would not suffice. The best way to encourage and accelerate the positive trend of trade liberalization and structural adjustment in developing countries was to provide a more favourable external economic environment and to adopt trade policies which would result in an improved and effective market access for developing countries. Certain sectors, notably agriculture and textiles where developing countries had a competitive edge, continued to be protected heavily through practices which were not market-oriented. The removal of such protectionist barriers and the restoration of free-market forces would go a long way to contributing to the success of the trade liberalization measures which developing countries had been pursuing at enormous socio-economic costs.

261. He noted that Group B's statement also underlined the need for the speedy conclusion of the negotiating process in the Uruguay Round and that it argued that a better integration of developing countries into the multilateral trading system under an improved GATT was essential for the strengthening of an open world trading order. Developing countries were themselves keen on their full and effective participation in the multilateral trading system. However, for this to be possible, certain essential conditions must be met. The developing countries' concerns must be adequately addressed. They must be accorded differential and more favourable treatment and they must be enabled to participate fully in the decision-making process. For their part, they had been participating in the Uruguay Round in a constructive spirit and had undertaken unilateral trade liberalization; these efforts needed to be recognized and rewarded in the multilateral negotiations.

262. Noting that Group B had argued that the Group of 77 statement on issues and developments in the Uruguay Round of particular interest to developing countries did not reflect the Group B's perceptions of the reality of the negotiations in the Round and that the Group of 77 statement sought to project a clear-cut North-South divide, he said that nowhere in its statement had the Group of 77 talked of a North-South divide. All that his Group had sought to do was to place clearly before the Committee the common aspirations, hopes, expectations, concerns and needs of developing countries in the context of the Uruguay Round. What the Group of 77 was seeking was no more and no less than what had been agreed to by all participants in the Uruguay Round, as clearly spelt out in the Punta del Este Declaration. There also seemed to be a misunderstanding that the Group of 77 had presented the view that developing countries were exclusively under obligation and received no rights in return and Group B had denied that they were being asked to make concessions inconsistent with their individual development, financial and trade needs. But nowhere had the Group of 77 said that developing countries were exclusively under obligation and received no rights in return. What it had stressed was that their rights under the GATT should not be taken away and no new obligations should be imposed which would be inconsistent with their individual development, financial and trade needs. As for a judgement on whether concessions demanded of developing countries were consistent or not with their individual development, financial and trade needs, this was a subjective one and the developing countries certainly felt that the demands made of them in a number of important areas were indeed inconsistent with their individual development, financial and trade needs. Group B had alleged

that there were two contradictions in the demands of the Group of 77. One contradiction concerned the inconsistency between a demand for liberalization of trade on an MFN basis and an increase of GSP margins. The Group of 77 saw no inconsistency in stating that, while it favoured liberalization on an MFN basis, in keeping with the objectives of the GSP and need to give differential and more favourable treatment to developing countries the GSP schemes must be substantially improved not only through further reduction of GSP duties or duty-free treatment but also through expanded product and country coverage, and the removal of limitations, exclusions and non-tariff barriers to GSP imports. The other so-called contradiction referred to concerned the acceptance of a higher level of discipline by all participants and the insistence on the provision for the flexible application of trade policy rules and disciplines for developing countries. Again, his Group saw no contradiction in this regard. Developing countries remained ready to accept disciplines and thereby strengthen the multilateral trading system provided those rules were not inconsistent with their individual development, financial and trade needs.

263. Finally, it had been stated that the Uruguay Round was not a zero-sum game. Indeed, it was the concern of the Group of 77 that it be a positive-sum game. Both in UNCTAD and in the Uruguay Round itself his Group had been calling for a more balanced approach to the negotiations and for a balanced outcome in which developing countries would also gain something and would not be made to undertake obligations which would impede rather than stimulate their development.

264. It had also been stated by Group B that the issues of structural adjustment, trade liberalization and balance between the public and the private sectors came under the umbrella of national governance. The Group of 77 felt that these issues were much wider in scope and comprised not only national but also international elements. Indeed, their scope had been well-defined in various resolutions of the Board and the Conference.

265. It had also been said that the UNCTAD report presented a biased coverage, dealing only with protectionism and structural adjustment in the developed countries. In this context, he pointed out that the relevant resolutions of the Board and the Conference clearly called for a central focus on the objectives of market access for the exports of developing countries and acceleration of their development. The coverage of the secretariat report was therefore by and large in keeping with the UNCTAD mandate. In any case, the report had given several details of developments in trade in developing countries.

266. The Group of 77 had heard with interest comments made on UNCTAD's role and mandate concerning East-South trade and on the suggestions put forward by his Group in its earlier statement on how to deal with this subject. In this context the Group of 77 wished to make the following clarifications:

(a) The UNCTAD mandate outlined in General Assembly resolution 1995 (XIX) and in Conference resolutions had a clear thrust and direction oriented to the need for accelerating the economic growth and development of developing countries. UNCTAD's role on East-South trade and economic relations stemmed from that overall objective and was specified in various Conference resolutions, the most recent being the Final Act of UNCTAD VII (paragraph 105, subparagraphs (25) to (29)).

(b) The fact of restructuring and reforms in Eastern Europe, however, did not alter the realities and the problematique of East-South trade and the need to promote it in the broader interest of expansion of world trade. In fact, the complexities of these reforms and their implications further underlined this need.

(c) The Group of 77 appreciated the specific requirements of the countries of Eastern Europe at this critical juncture; but it wished to point out that these were being currently addressed in other multilateral forums including ECE, EBRD and some United Nations bodies.

(d) The Group of 77 believed that the strengthening of economic and trade relations between individual countries of Eastern Europe and developing countries on the basis of mutual advantage constituted a major contribution to the expansion of global trade and symmetrical growth of the world economy. This could be facilitated, inter alia, through regular analysis of the implications of economic reforms in Eastern Europe on developments in East-West trade and economic relations.

(e) In suggesting the future modalities of the work of UNCTAD on East-South trade, the Group of 77 had no intention of questioning the domestic policies of the East European countries or their sovereign right to pursue such policies as they considered appropriate. His Group's suggestion was intended only to ensure that the developments in Eastern Europe received the close attention they deserved and to make arrangements in UNCTAD for analysis and information on these reforms for the benefit of trading entitites in both the countries of Eastern Europe and the developing countries. There was an acute need to analyse the implications of the newly emerging and complex realities in this part of the world with a view to arresting the decline in East-South trade which had already started. He hoped that this clarification would dispel any doubts and that the constructive spirit of his Group's suggestions would be appreciated.

267. The representative of Poland, exercising his right of reply in response to the statements of the spokesman for the Group of 77 and of the representative of Egypt, reiterated that Poland did not see any need for a special intergovernmental mechanism in UNCTAD to review and promote trade between developing countries and the countries of Central and Eastern Europe during their transitional period to a market-economy system. He adduced the following arguments in support of this view:

(a) First, transition was leading to a rapid convergence between the economic system of Poland with that of market-economy countries. Therefore, relations with developing countries might and should be considered under the general agenda of UNCTAD dealing with North/South relations. Transition did not create specific problems in Poland's relations with developing countries and, thus, no need arose for their singling out.

(b) Secondly, deliberations in UNCTAD on East European countries' trade based on an agenda item referring to relations among countries having different economic and social systems had lost its rational justification. On the other hand, Poland did not see any merit in discussing it within a regional context for only this region of the world. If the other regional frameworks for discussion of North-South trade (such as the West European or North American) were introduced, his country might then change its stance in this respect.

(c) Thirdly, no identification of specific means for promotion of trade between Poland and developing countries could be conceived other than those within the compass of the the rules of the world multilateral trading system. Thus, also from that point of view, separate treatment of these issues in UNCTAD was not justified, or even reasonable.

(d) Fourthly, with regard to technical assistance to promote Poland's trade with developing countries, he considered that such assistance should be a business-oriented one. He felt that the International Trade Centre UNCTAD/GATT met this need and was adequate.

(e) Fifthly, Poland acknowledged the right of developing countries to request the UNCTAD secretariat to undertake studies on the possible impact of economic developments in Poland, including the progress and outcome of the transformation process, on its trade relations with these countries. Such studies, however, should constitute part of the overall programme of secretariat reports prepared under various agenda items dealt with by the organization. Therefore, Poland did not deem it advisable to establish an ad hoc focal point within the secretariat to coordinate activities and analyse the issues related to reforms in the countries of Central and Eastern Europe. This task should be performed by the regular units within the secretariat.

(f) Sixthly, referring to his earlier statement in the Committee, he stated that the Polish transformation programme had been undertaken because breaking off with the command economy and the introduction of a market-based economic system constituted an objective necessity. This unprecedented shift was not an exhilarating exercise. It was causing enormous hardships to the Polish society. Under no circumstances might the programme be subordinated to any particular outside interests. Thus any studies undertaken by the secretariat or discussions in UNCTAD with respect to the possible impact of economic reforms in Poland on trade with developing countries should not in any way imply any conclusions to this effect.

(g) Seventhly, the undertaking of the issue of the impact of the economic transformation in Poland on trade with developing countries could not lead to the reintroduction, through the back door, of such an issue as a separate agenda item of UNCTAD deliberations, and/or serve as a reason for calling into being a separate UNCTAD forum or other bodies where such an issue was to be discussed.

(h) Finally, Poland was convinced that its economic transformation would not only improve the economic situation in the country itself but that it would create, in the longer run, favourable conditions for the expansion of its external economic relations and for advantageous trade with developing countries.

268. The representative of the USSR expressed the view that, in the process of integrating East European themes into the general scheme of international trade problems, due attention should be paid to the measures to overcome the difficulties of the transitional period in the East European countries, including their trade with other countries, and in particular with the developing ones. This issue should be duly reflected in preserving appropriate coordinating structures within the UNCTAD secretariat. He expressed the hope that the leadership of the secretariat had the same understanding of the mandate given at the previous session of the Board.

269. Responding to comments made in the course of the debate on agenda item 2, the Director, Associate Coordinator of International Trade Programmes observed that the discussions had been rich in substance and content. The detailed country-specific information made available to the Committee by many delegations would provide valuable support to the secretariat in deepening its own analysis of the issues raised in the debate and the documents, and would also be of great value in the preparations for UNCTAD VIII. He noted that the large number of substantive comments addressed essentially two broad sets of concerns: the first of these related to the scope and coverage of the analysis in the secretariat's documentation, while the second raised specific technical issues. With respect to the first set of comments, the view had been expressed by some delegations that the coverage of subjects and issues had not been adequate. Some had said that specific national concerns had been less than adequately reflected in the analysis. Delegations had also referred to the respective roles and relative weight to be given to national policies in developed and developing countries in assessing trade growth and development performance.

270. The secretariat found itself in a familiar quandary in view of the need to cover developments in trade policy and structural change and adjustment in major country groups, geographical regions, individual countries, as well as major economic sectors. Then again, this analysis had to be presented in a succinct form in order to comply with limitations on the length of documents. These considerations notwithstanding, the secretariat had endeavoured to address the very real concerns expressed by member States; however, efforts to combine broad coverage and short presentation frequently meant that the analysis on which conclusions were based could not in all cases adequately address country-specific characteristics and details. He recalled that the work programme on protectionism and structural adjustment (Board resolution 286 (XXVIII) and paragraph 105 (3) of the Final Act of UNCTAD VII) stated that the annual review should have a wider coverage, taking into account the specific interests of developing countries. He pointed out, moreover, that some of the subjects which were deemed to have been ignored or given insufficient attention were on the agenda of other UNCTAD bodies. South-South trade and factors impeding it were among the main items discussed in the Committee on Economic Cooperation among Developing Countries. The secretariat had prepared for the first part of the thirty-seventh session of the Board a report reviewing trends in South-South trade in recent years, analysing the structural obstacles to such trade, and examining the

implications of certain aspects of trade policies of developing countries, including constraints arising from trade control measures. Likewise, issues concerning the trade regimes of developing countries were a regular feature of the agenda of the Committee on Manufactures, and a good part of the Committee's discussions, at its twelfth session in November 1989, had been devoted to this subject. Protectionism and structural adjustment also figured prominently in the UNCTAD Trade and Development Report. Moreover, the secretariat had launched a project of research and technical assistance entitled "Trade policies for developing countries in the 1990s", thanks to the generous financial support of the Governments of Germany, Italy, Norway and Sweden. Work on the project had begun in early 1990, and the secretariat expected to be in a position to publish an initial set of country studies and papers devoted to selected trade-policy issues in the near future.

271. He noted that some delegations had interpreted the secretariat's analysis of the export prospects of Eastern Europe in Western markets as if it were playing down the possibility that competition with exports of developing countries might increase. It had also been said that the secretariat's documentation had expressed an implicit uneasiness about the better market access terms recently granted to some Eastern European countries in Western markets, whereas such actions represented a correction of a long-standing discrimination against those countries. For its part, the secretariat welcomed the recent improvements in market access conditions for Eastern European countries - and, for that matter, for any group of countries. However, efforts should be made to ensure that these actions were in line with the interests of developing countries whose market access might not improve in the same manner and which might be competitors with Eastern European producers. This did not mean that the secretariat viewed an increase in competition between some developing countries and individual Eastern European countries as a bad thing. Indeed, such competition could be healthy. Rather, the secretariat's intention was to call attention to the need for all trading partners to contribute to the integration of the countries in Eastern Europe into the international trading system within a liberal policy framework that would take into account the interests of the developing countries.

272. Several comments had been made on the secretariat's analysis of trade policies and their relation to growth performance. This was an area in which there was much disagreement, as evidenced by the variety of opinions expressed in the debate. Points of disagreement ranged from the definition of what constituted liberalization and its speed to what accounted for inter-country differences in trade and growth performance. With regard to the relationship between trade regimes and economic performance, the secretariat had tried to examine the evidence, rather than start from pre-conceived notions as to the benefits of trade liberalization or of particular forms of intervention. Many factors contributed to success in export and output growth, and these tended to vary from country to country. With very few exceptions, success in expanding and diversifying exports had usually built upon a period of industrialization for domestic markets which included a substantial dose of protection. It was also true that countries which had not effected a timely transition from import substitution to more open trade regimes had tended to lose growth momentum and to experience a significant retardation in their rate of productivity increase. On the other hand, countries which had succeeded in increasing and diversifying their exports had rationalized incentives by

reducing protection and achieving a greater degree of neutrality in their incentive system, so that exports had not been discriminated against. This had been achieved by maintaining an exchange rate which was favourable to exporters, granting exporters access to imports at world prices, and ensuring that consistent and predictable policies were followed over long periods of time. In addition, successful countries had been able to establish equity and non-equity links with foreign companies with access to markets and distribution channels, and they had managed to supply domestic producers with modern technology, managerial know-how, and product designs. These factors had had little to do with generalized import liberalization.

273. Government action had been important in other respects as well, not least in improving the skills of the labour force and providing firms with access to investment resources and trade finance on favourable terms. Harmonious relationships between the government and the private sector in pursuit of well-understood development goals had also played an important role.

274. The relative merits of a laissez-faire attitude and industrial targeting were yet another controversial issue referred to by one delegation. While industrial targeting had scored notable successes in some countries (for example, Japan and the Republic of Korea), it had also had important failures, sometimes in the same countries. Until further research succeeded in determining the conditions under which such an approach could work, he believed it was best to reserve judgement on the matter.

275. With regard to the EEC query regarding paragraph 77 of the secretariat report (TD/B/1282), he said that the UNCTAD Trade Simulation Model on which the calculations in the report were based took into account the actual tariff rate applied to imports from each of the sources in a particular market. In the case of the EEC, for example, for a single tariff line there could be as many as six different rates, encompassing special rates for EFTA countries, ACP countries (under the Lomé Convention), special preferences (for Mediterranean countries), the normal GSP, the GSP for least-developed countries, and the MFN rate. If liberalization took place on an MFN basis, then the preferential margins of all preference receivers would be reduced, but to varying degrees depending on the original extent of each preferential margin vis-à-vis the MFN rates. Further details on the UNCTAD Trade Simulation Model could be found in UNCTAD Discussion Paper No. 19 (1986): "The UNCTAD Trade Policy Simulation Model: a note on the methodology, data and uses".

276. In response to the remarks in Group B's statement concerning the secretariat's analysis on market access conditions for African countries (ibid., paras. 82-88), he said that, while many African countries were making determined efforts to implement structural adjustment reforms, it would take some time before these efforts bore fruit. In the long term, as African competitive supply capabilities improved, these countries should be in a position to compete on equal terms with other exporters. In the meantime, however, a reduction in their preferential margins would make their exports less competitive vis-à-vis non-preferential imports in certain markets. The short-to-medium term result could therefore be a loss of market share. This was an inevitable result of MFN liberalization in a situation where preferences existed.

277. With respect to comments made on the study on costs and consequences of non-tariff measures (TD/B/1284), he pointed out that the availability of data was a determining factor in that study. Only recently did the secretariat have fully computerized data to apply the same type of methodology to developing countries. However, as shown in TD/B/1282/Add.1 (tables I.12 and I.14), as soon as those data became available, the secretariat would extend its quantitative assessment to include developing countries in the analysis on trade intervention. The secretariat hoped to be able to cover countries in Eastern Europe in 1992. It had also taken note of the suggestions made for improving its methodology, and appreciated the offer made by Group B to cooperate with the secretariat in further developing the UNCTAD data bank on trade and environment.

278. Finally, with regard to Group B's observations on the note by the secretariat (TD/B(XXXVII)/CRP.5 and Corr.1), he said that, in accordance with the mandate given to UNCTAD, the secretariat note reviewed the state of play in the Uruguay Round and then drew attention to issues of particular concern to developing countries. Clearly, negotiations covering such a wide and diverse range of issues and participants could not be defined or categorized in conventional terms. Just as alliances among various countries - developing and developed - existed with respect to key issues in the Uruguay Round, notably agriculture, significant differences between them were also a feature of the Round. On several issues - for example the so-called new issues, TRIMs and TRIPs, and services, but also more and more traditional areas such as trade in textiles - developing countries had perceived that they shared common interests and objectives and had submitted common statements on the Round as a whole, including during the Brussels Ministerial Meeting. The objective should be to strengthen and consolidate areas of agreement between countries and to help resolve differences in ways which ensured a balanced set of results, desired by all participants in the Round.

Action by Sessional Committee I

279. At the 5th meeting, on 18 March 1991, the spokesman for the Group of 77 (India) introduced a draft resolution on agenda item 2 which he had submitted on behalf of the States members of the Group of 77 (TD/B(XXXVII)/SC.1/L.8).

280. At the 6th (closing) meeting, on 22 March 1991, the Chairman, reporting on the work of the informal working group, stated that it had not proved possible to agree on a consensus resolution on item 2, on the basis of the draft resolution submitted by the Group of 77 (TD/B(XXXVII)/SC.1/L.8). While he shared the disappointment felt by the participants, he considered that there had been a very useful exchange of views. The Committee had been ambitious in not confining itself to previously agreed language, in an endeavour to move on to new ground. In trying to work for new concepts, the Committee had lived up to the ideal of UNCTAD: to be a forum for a North-South dialogue in which the participants tried to move forward rather than simply follow developments. He felt sure that the debate on these issues would continue and that, with the approach of UNCTAD VIII, a stronger convergence of views and acceptance of the positions of the partners in their common enterprise would have to develop. It would probably be necessary to promote a heightened awareness of the problems of others and to realize that a strengthened partnership was - as stated in the Paris Declaration on the Least Developed Countries - based on mutual commitments. He observed, in

conclusion, that the process of coordination and consultation in UNCTAD meetings had become more difficult now that more and more countries were not participating in the framework of a regional group.

281. The spokesman for the Group of 77 (India) said that it was indeed sad that the efforts made by the Chairman and the Committee had not been crowned by the adoption of a consensus resolution which would have done justice to the agenda item and to the objectives of UNCTAD. The Group of 77 had worked constructively throughout the session in order to find middle ground between its own aspirations, needs and interests, and the capacity and willingness of its development partners to accommodate them. His Group had shown its flexibility in a number of ways. Thus, in tabling a draft resolution which, in his view, should have been acceptable to the other groups, the Group of 77 had taken great care to avoid including elements which would be considered contentious or which could pose fundamental problems to the other groups. Unfortunately, despite their best efforts, they had not been able to convince their partners of the reasonableness of their approach. His Group had encountered considerable difficulties in the reactions to its proposals as well as in the counter-proposals that had been put forward by the other groups. The latter included several elements which not only had not been discussed in depth in the Committee or in the documents prepared by the secretariat, but also, in some cases, covered issues which his Group felt were not quite within the scope of the agenda or indeed of the mandate of UNCTAD. In spite of the presentation of conflicting details and counter-proposals by the other groups, the Group of 77 had nevertheless engaged in a sincere attempt to study and understand the point of view of the other groups and had endeavoured to respond to them in a constructive spirit. It had gone to considerable lengths to comprehend and take into account the legitimate concerns of individual countries and delegations. The Group of 77 had in fact moved a long way from its initial positions and had, in its view, met the other side more than half way. Unfortunately, despite all that, it had not proved possible to reach a consensus text.

282. Although the Committee had not succeeded in reaching a consensus, the Group of 77 felt nevertheless that the intensive negotiations had served a useful purpose in that they had enabled the participants to have a better appreciation of one another's points of view. He hoped that this would prove helpful in future discussions, particularly at UNCTAD VIII, and that it would make it possible to work out a mutually acceptable plan of action in the vital area of protectionism, structural adjustment and related issues of trade and development. There were a number of lessons to be drawn from the difficult negotiations in the informal working group. First, the major focus of UNCTAD's work had been, still was and - in his Group's view - must remain on the trade and development needs and interests of the developing countries. No changes or evolution in the international scene or in national economic policies could possibly justify any dispersion of that focus or any dilution of the mandate of UNCTAD in this vital respect. Secondly, as the Group of 77 had stated when the Board had approved the delicately balanced provisional agenda for UNCTAD VIII, the main task of UNCTAD was to promote international and multilateral cooperation in favour of the development needs of developing countries. To the extent that participants agreed to discuss national policies, such discussion could have justification and value only in the context of the above-mentioned main task. For its part, the Group of 77

countries remained committed to making all possible efforts at the national level to promote their own development and their trade. But their efforts required concomitant action by their development partners and a congenial and favourable international economic environment, and it was the latter which must, in their view, remain the primary task of UNCTAD.

283. In conclusion, he said that the Group of 77 was approaching UNCTAD VIII in a positive spirit and remained ready to engage in a constructive dialogue in an effort to find mutually acceptable solutions to the urgent problems of the trade and development of developing countries. He hoped that, notwithstanding the outcome of the current session, the other groups would also respond to his Group's proposals in a constructive spirit of cooperation that would make it possible to work out at UNCTAD VIII a mutually satisfactory and acceptable plan of action.

284. The spokeswoman for Group B (Switzerland), recalling her earlier statement in the Committee, said that interdependence was an issue of great importance to her Group. Group B was constantly emphasizing the importance of national structural adjustment policies in conjunction with the international trading system. Her Group held the concept of partnership and of shared responsibility of the industrialized and the developing countries to be essential. With regard to interdependence, the Uruguay Round negotiations were also a sign of the ever stronger movement towards globalization and interdependence.

285. She truly regretted that the Committee had not reached a consensus on this important agenda item. The Group B coordinator would express in the plenary her Group's opinion on this lack of consensus. At this stage, she wished to state that, in the view of her Group, the text on which the Committee had negotiated represented a step backwards in relation to the new approaches which were becoming apparent in the international trading system. She referred, for example, to the texts emanating from the special session of the General Assembly, to the Paris Declaration and Programme of Action for the Least Developed Countries for the 1990s, or even to the Declaration on the occasion of the twenty-fifth anniversary of UNCTAD. That new approach made use of such terms as "partnership", "shared responsibility", "balanced approach", "convergence of views". There had been little sign of this new approach during this session of the Board or currently in UNCTAD, and her Group regretted this very much. She hoped that by the time of UNCTAD VIII, the member countries would be in a position to do some fruitful work. For its part, Group B was ready to cooperate with all its partners to that end.

286. The representative of China expressed his delegation's regret at the fact that, despite the efforts made by all participants to agree on a resolution on the important issues covered by agenda item 2, no agreement had been reached. It was the firm hope of his delegation that there would be no attempt to extend the competence of UNCTAD to include the discussion of issues that were not relevant to this item. Nor should there be any dilution of the well-defined matters considered by UNCTAD. This said, he felt that there had been a wide-ranging exchange of views on protectionism and structural adjustment at the current session of the Board. He hoped that, in the preparations for UNCTAD VIII, all parties would continue to concentrate their efforts on this important item and would strive for the achievement of a positive outcome at the Conference.

Chapter III

PREPARATIONS FOR THE EIGHTH SESSION OF THE UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT

(Agenda item 3)

287. The President recalled that, in the light of a communication from the President of the Board to the General Assembly in which it was informed of the outcome of consultations held on the place and dates of the Conference, the Assembly had adopted resolution 45/205 of 21 December 1990 entitled "Eighth session of the United Nations Conference on Trade and Development" (A/RES/45/205).

288. Subsequently, the Secretary-General of UNCTAD had been informed by the Permanent Mission of Uruguay in a communication dated 29 January 1991 that, after weighing up the matter very thoroughly, the Uruguayan authorities had had to acknowledge with great regret that it was not possible to hold UNCTAD VIII in Punta del Este in September/October 1991.

289. In the meantime, consultations had been held on the possibility of an alternative venue for UNCTAD VIII and in a letter dated 13 March 1991 (TD/B/L.912) the Permanent Representative of Colombia had informed the President that the Government of Colombia proposed the town of Cartagena de Indias.

290. The spokesman for Group B (Greece) noted with satisfaction that there was a new proposal for the venue of UNCTAD VIII, which the Group welcomed, and was looking forward to the final arrangements for the holding of UNCTAD VIII in Cartagena de Indias.

291. The implementation of the relevant decisions was urgent. All would benefit from a clear picture of the organizational aspects relating to this Conference so that they could concentrate more freely on the substantive aspects.

292. However, it seemed necessary to establish a contingency procedure for the eventuality that it would not be feasible to hold UNCTAD VIII in Cartagena. In this case, it would seem appropriate for the President to hold immediate consultations with regional groups, with a view to formulating a new and final recommendation for the resumed session of the General Assembly, which should aim to hold the Conference as soon as practicable, and if possible, on the already established dates, i.e. September/October 1991.

293. The last Conference - UNCTAD VII, had been a watershed. It had brought a breakthrough in favour of mutually agreed positions on a number of important issues and thus greatly strengthened the overall dialogue between developed and developing countries. The Final Act of UNCTAD VII had recognized that national and international policies were mutually reinforcing and interdependence was a vehicle for transmitting positive impulses. This implied the acceptance of joint responsibility to take convergent action.

The Conference in 1987 had reached a broad understanding on the need for the various country groups to adopt appropriate policies at national and international level.

294. If the same spirit to strive for a constructive consensus was maintained during UNCTAD VIII, and if innovative methods of work were developed, all could look towards results as comprehensive and fruitful as those of the previous UNCTAD Conference.

295. UNCTAD VIII would provide the opportunity for assessing the impact of the major trends and developments in the world economy since UNCTAD VII and set the framework for the future work of the organization.

296. With regard to the statements in the plenary on 15 March, which Group B did not propose to refute at this time, he referred to the statement by his Group on 12 March and to the Group B statement of 17 October 1990. He emphasized that Group B supported the agenda of UNCTAD VIII as adopted during the previous Board session. Further, it believed that deliberations at the Conference could be based on a number of preliminary ideas, such as:

- building further the consensus on the issues of the development agenda, among which Group B considered good management as a focal point;

- recognition of the importance of balancing national and international responsibilities and the respective roles of the private and public sectors;

- proper acknowledgement of the diversity of situations of developing countries and the need to take this diversity into account in proposals for cooperation and the sharing of responsibilities;

- the importance of the concept of sustainable development, and of ensuring that ecological concerns are incorporated into analysis and action wherever necessary;

- recognition that democracy and human rights, in addition to their humanitarian value, were conducive to economic and social development, while at the same time social and economic development lead to improved conditions for democracy and respect for human rights.

297. Group B also believed that the Conference should be approached on a basis of partnership built on common perceptions. It was looking forward to receiving the relevant report by the Secretary-General and considered the Seminars which the secretariat had organized as a useful contribution, in the preparatory process.

298. Group B supported the Secretary-General's suggestion of a special session of the Board, which it assumed would be within the overall budgetary provisions and which could usefully serve as a preparatory committee for UNCTAD VIII. The preparation process following the special session should be brief and intensive to allow a sufficient period of time for individual reflection and preparation of delegations.

299. Group B was ready to cooperate with all parties, both in the preparatory phase for UNCTAD VIII and during the Conference itself, with a view to enhancing the constructive dialogue between developed and developing countries.

300. The spokesman for the Group of 77 (Jordan) said that his Group welcomed and fully supported the Colombian Government's offer to act as host for UNCTAD VIII. Expressing gratitude to the Government of Colombia, he said that he had no doubt that the Conference would be fully successful and would in fact prove to be a turning-point in the series of UNCTAD sessions. He looked forward to the Board's taking all necessary decisions regarding the holding of the Conference at the current session.

301. The spokesman for the Group of 77 (India) stated that his Group expected UNCTAD as an institution to emerge from UNCTAD VIII more robust and stronger, with a new determination to tackle the problems of trade and development of developing countries. He emphasized that in the preparatory process, his Group had spared no effort towards building not only a common platform of its own but also a bridge across which developing countries could join up with their development partners in a productive dialogue.

302. He stressed that the problems of trade and development of developing countries had assumed crisis proportions in many areas and that unremitting efforts in these countries to deal with such problems had yielded marginal results in the face of an unfavourable external economic environment and lack of support from development cooperation. The fact that weaker growth impulses should have been transmitted to developing countries at a time of the longest period of uninterrupted growth in the developed countries since World War II, pointed to the inadequate functioning of the international economic system and to the need for restructuring it.

303. Political, economic, technological and organizational changes that had taken place in recent years both at the national and international levels, posed unprecedented challenges and potential for a new beginning in the 1990s. UNCTAD VIII could set in motion in a decisive way a process that would promote and accelerate economic growth, trade and development, especially of developing countries.

304. UNCTAD was no more - and no less - than the sum of its parts - the member States - and could be only as strong as their commitment to its goals and as effective as they worked to make it. To that extent, his Group expected member States to follow up, and give new meaning to, the pledge of political support to UNCTAD contained in its twenty-fifth anniversary declaration.

305. Member States of UNCTAD were expected to follow up and give new meaning to the pledge of political support to UNCTAD, contained in its twenty-fifth anniversary declaration. At the same time, UNCTAD VIII would provide an opportunity to look at how the UNCTAD secretariat could revitalize its role as a generator of new ideas, of innovative approaches to long-standing problems and of dynamic responses to new challenges faced by both developing countries and development cooperation, especially in the area of trade in an increasingly interdependent world economy. UNCTAD had to be honed to become

an integral part of what the developing countries envisaged as comprehensive, universal, democratic and development-oriented arrangements for international trade and development in the United Nations.

306. Developing countries were willing to pledge to continue to adopt sound policies and measures, structural reform and good management and efficient and effective mobilization, use and allocation of resources in pursuit of the central objective of the Conference, viz. to promote economic growth, accelerated development and technological capabilities in the developing countries. The policies and measures must, however, accord with the individual national needs and objectives and must be based on domestic social consensus. Pursuit of economic efficiency must be integrated with broader social objectives including high employment generation, elimination of poverty, and equity considerations. Moreover, the efforts of developing countries could not be successful so long as their vulnerability to external economic shock was not reduced and international arrangements for trade, money, finance, commodities, technology and services over which they had little or no control did not become more favourable and supportive of their development and allow greater participation of developing countries in decision-making in these arrangements. Developed countries by virtue of their weight and impact on the world economy and on developing countries in particular, had to shoulder their responsibilities by adopting policies which took into account the needs and interests of the developing countries and were conducive to making the global economy healthy, stable and equitable. Developed country partners were expected to commit themselves to increasing domestic savings, rationalizing consumption and allocation of resources so as to ensure ecological sustainability, global equity and channelling of their surpluses to developing countries. The management of macroeconomic policies of developed countries as well as the correction of their mutual imbalances should be such as to have a positive impact on developing countries. Developing countries expected that appropriate commitments by developed countries' policies in areas of trade, money, finance, commodities, technology and services would be forthcoming.

307. The representative of China expressed gratitude to the Colombian Government for its offer to host UNCTAD VIII and hoped that the Board would finalize recommendations to the General Assembly regarding the date and venue at its current session. He hoped that all preparations would be accelerated so that the Conference could be held on the dates proposed. The Chinese delegation's views on the agenda for UNCTAD VIII were already on record. He supported the suggestion for a special session of the Board to prepare for UNCTAD VIII.

308. The spokesman for Group D (Czech and Slovak Federal Republic) said that his Group welcomed the official invitation from the Government of Colombia for the holding of UNCTAD VIII in Cartagena de Indias. He further congratulated the countries of Latin America on their considerable efforts to bring the question of the venue to a successful conclusion. Group D believed that a decision on the venue would be reached by consensus during the current session and looked forward to the adoption of the relevant decision.

309. The representative of the Netherlands, speaking on behalf of the European Community and its member States, emphasized the importance that the Community and its member States attached to UNCTAD VIII, which would offer a unique possibility to continue the global policy dialogue on development and international trade and to strive towards commonly shared perceptions against the background of recent changes in the political, economic and intellectual climate.

310. The Community favoured holding UNCTAD VIII in a developing country, which would be a positive sign of commitment to UNCTAD, and therefore welcomed the offer of the Government of Colombia. With a view to minimizing uncertainties for UNCTAD, it seemed necessary to establish a contingency procedure for the eventuality that it would not be feasible to hold UNCTAD VIII in Cartagena.

311. The Community supported the suggestion for a special session of the Board to consider the content and the outcome of UNCTAD VIII. The preparatory process for the Conference should be brief, efficient and constructive.

312. UNCTAD VII had been a successful event and had contributed substantially to widening the consensus on necessary national and international policy actions to contribute to development and the expansion of trade. UNCTAD VII had been the first in a series of United Nations Conferences which had established mutually agreed positions on a number of important issues, in particular the special session of the General Assembly in April 1990 and the Conference on the Least Developed Countries in September 1990. UNCTAD VIII should build on the progress made during these Conferences, and be another phase in this multilateral dialogue. The Conference would address not only long-standing issues but also subjects such as good governance, the effective allocation of resources, the increasing role of the market, the role of the public and private sectors, participatory development and the environment. The Seminars in Caracas and Oslo had already given valuable pointers to UNCTAD's consideration of these crucial matters. UNCTAD VIII should reaffirm the acceptance of joint responsibility to take convergent action and elaborate a strengthened partnership for the purpose of development. Thus UNCTAD VIII would help to shape the future role of UNCTAD itself.

313. The Community shared the generally held view that the Conference should be concluded with a single final outcome adopted by consensus. It was the intention of the Community and its member States to put forward a contribution to the preparatory process and the deliberations of the Board's special session.

314. The representative of Sweden speaking also on behalf of Denmark, Finland and Norway, said that UNCTAD VIII presented one of the best opportunities in a long time for a fruitful international dialogue on North-South economic relations in an atmosphere of considerably eased political tensions. Events in Eastern and Central Europe as well as in a number of developing countries had led to a convergence of views on the benefits of the market economy.

315. This new situation should be fully exploited to promote a common perception, both of where the real problems were and of means to solve them. The Conference had thus a better opportunity than before to reach a common assessment of the current international economic situation, which was crucial for the identification of the specific problems facing developing countries and on priority action to tackle these problems.

316. The analysis must take due consideration of the situation prevailing at the time of the Conference and pay attention to existing trends such as the globalization of economic activity, as well as both positive and negative implications of regional integration.

317. The window of opportunity for an UNCTAD conference to identify measures and priorities on national, regional and international levels and to seize the initiative in the North-South dialogue, had never been more open.

318. The Nordic countries reaffirmed their commitment to the role of the Conference and stood ready for an open dialogue with the ultimate purpose of arriving at global sustainable development and improved social and economic conditions in developing countries.

319. The representative of the Byelorussian Soviet Socialist Republic said that the Board's discussions demonstrated the relevance of the multilateral approach to global trade and economic questions and of the strengthening of the United Nations system, and UNCTAD had an important role to play in this respect. The world economy was increasingly taking the form of a single organism; any country not sufficiently integrated into it risked losing the advantages of the international division of labour.

320. His country was radically restructuring its economic system, and moving towards a market economy. A State Committee on External Economic Relations had been established, and legislation had been enacted, inter alia, on foreign economic activities. The number of joint ventures was increasing and further legislation was expected in respect of Customs regulations, monetary issues and patents.

321. His country had suffered terribly as a result of the Chernobyl disaster, the consequences of which would take decades to overcome. It was grateful for the international support and assistance it had received. The General Assembly, in resolution 45/190, had asked United Nations bodies to consider special assistance for the areas most affected, and his delegation was sure that UNCTAD would contribute to the implementation of that resolution and to the formulation of programmes for the coordination of activities undertaken by United Nations bodies to address and mitigate the consequences of the Chernobyl disaster.

322. UNCTAD had not exhausted its potential, particularly in the light of the consensus achieved at the eighteenth special session of the General Assembly. First, UNCTAD should proceed with conceptual work in the field of trade and development. Secondly, better ways must be found of forecasting negative trends in trade and development to help make economies less vulnerable to external shocks. Thirdly, sound recommendations by UNCTAD could help the

countries of Eastern and Central Europe integrate themselves into the world economy. The UNCTAD secretariat should maintain the necessary structures to coordinate its work in this field during the transitional period. Fourthly, UNCTAD should consider questions relating to the conversion of military production and its links with development. Other questions which should be considered included the impact of trends towards integration on trade flows.

323. With regard to UNCTAD VIII, his delegation welcomed the Colombian Government's offer to host the Conference and also hoped that decisions would be taken ensuring the further use of UNCTAD as one of the main multilateral bodies in the field of trade and economic development. Decisions taken at UNCTAD VIII must provide for the implementation of the International Development Strategy for the 1990s. Work on draft final documents for UNCTAD VIII should begin, inter alia, at a special session of the Board and in ad hoc working groups.

324. At the 788th meeting, the President submitted a draft resolution entitled "Date and venue of UNCTAD VIII" (TD/B/L.918), which he had submitted as a result of informal consultations.

Action by the Board

325. At its 788th meeting, on 22 March 1991, the Board adopted draft resolution TD/B/L.918 without dissent (for the text, see part I above, resolution 391 (XXXVII)).

326. At the same meeting, in adopting resolution 391 (XXXVII) on the date and venue of UNCTAD VIII, the Board also endorsed proposals for the preparatory process for UNCTAD VIII whereby the following timing was agreed: first part of the seventeenth special session of the Board: 24-26 June 1991; first part of the thirty-eighth session of the Board: 23 September to 4 October 1991; ad hoc preparatory mechanism(s) of the seventeenth special session of the Board: intermittent in October and November 1991; second part of the seventeenth special session of the Board: 2-11 December 1991.

327. The representative of Colombia expressed his Government's appreciation of the acceptance of its proposal to hold UNCTAD VIII in Cartagena de Indias. Colombia would spare no effort to offer the Conference a splendid setting for a meeting of member Governments.

Chapter IV

UNITED NATIONS PROGRAMME OF ACTION FOR AFRICAN ECONOMIC RECOVERY AND DEVELOPMENT 1986-1990: UNCTAD'S INTERGOVERNMENTAL INPUT INTO THE GENERAL ASSEMBLY'S FINAL REVIEW AND APPRAISAL OF THE IMPLEMENTATION OF THE PROGRAMME OF ACTION IN 1991

(Agenda item 4)

328. For its consideration of agenda item 4, the Board had before it the following documentation:

> "UNCTAD's contribution to the implementation of the United Nations Programme of Action for African Economic Recovery and Development 1986-1990: progress report by the Secretary-General of UNCTAD" (TD/B/1279);
>
> "United Nations Programme of Action for African Economic Recovery and Development 1986-1990: UNCTAD's intergovernmental input into the General Assembly's final review and appraisal of the implementation of the Programme of Action in 1991: report by the Secretary-General of UNCTAD" (TD/B/1280 and Add.1 and Corr.1 (English only)).

Consideration in Sessional Committee II

329. The Director of the UNCTAD Task Force Unit on the UN-PAAERD, introducing the item, said that the UN-PAAERD consisted of a framework of mutually reinforcing actions by African countries and by the international community. African Governments assumed the principal responsibility for the region's future development and had undertaken to implement economic reforms and to improve their economic policies in the context of Africa's Priority Programme for Economic Recovery (APPER) 1986-1990. The international community had committed itself to supporting efforts of African countries in implementing the UN-PAAERD in a number of specified areas and to ensuring an external environment which would be supportive of efforts by African Governments and provide the additional resource support required.

330. With regard to the implementation of the UN-PAAERD, efforts had been made by both African Governments and the international community relating to the objectives of the Programme. Although the problems which had given rise to the international initiative establishing the UN-PAAERD had not been substantially reduced, a number of gains had nevertheless been achieved. The programme had mobilized both African Governments and the international community around a set of consistent policies aimed at alleviating the African situation, and it had initiated actions which had to be pursued vigorously in the light of the fragile progress made so far.

331. In particular, efforts needed to be intensified in designing structural adjustments in such a way that developmental aspects were not sacrificed in favour of shorter-term stabilization measures. The international community's efforts needed to be intensified in the areas of debt, commodities and financial flows. Another area which would need increased attention in future activities to assist African countries was regional cooperation.

332. UNCTAD's own contribution to the UN-PAAERD had continued to involve policy research and analysis, technical cooperation activities, and participation in inter-agency activities.

333. In conclusion, the concrete results of the implementation of the UN-PAAERD had been patchy, and the Board should reaffirm the need for special efforts from the international community to be pursued in accordance with paragraph 3 of General Assembly resolution 45/178 A.

334. The spokesman for the Group of 77 (Egypt) said that since 1986 African countries had implemented adjustment programmes, whether at their own initiative or in cooperation with multilateral financial institutions. These programmes had been pursued in spite of the high social costs associated with them, and the efforts made were beginning to yield some positive results in the areas concerned.

335. Adjustment programmes undertaken upon the advice of multilateral financial institutions had put more emphasis on macroeconomic imbalances, while largely ignoring long-term structural problems. This had contributed to the adoption by the African countries in April 1989 of the "African Alternative Framework for Structural Adjustment Programmes" as a guideline for future action.

336. Though the UN-PAAERD had succeeded in bringing the problems of the region to the attention of the international community and world public opinion, this success was now at risk because of preoccupation with Eastern and Central Europe and the recent crisis in the Middle East.

337. The external environment had not been sufficiently supportive of African efforts. Africa's debt stock had risen exponentially, the prices of many commodities of interest to Africa continued to fluctuate in a declining direction, Africa's share of world trade had fallen, its terms of trade had deteriorated, foreign direct investment had dried up despite efforts undertaken by African countries to encourage it, and aid flows had been below the levels expected by African countries and promised by the donor community. In addition, natural disasters and phenomena such as floods, drought and desertification had had adverse effects on the efforts of African countries.

338. African countries continued to accept that they had the primary responsibility for their own development and were still committed to pursuing their reform programmes while taking into account long-term developmental objectives. The success of African efforts, however, would depend on improvements in the external environment and the intensification of international support.

339. Any assessment of the UN-PAAERD and follow-up action should cover the whole of developing Africa, and all statistics and information studies generated by UNCTAD, the World Bank and UNDP should correspond to this demand.

340. The four years that had elapsed since the beginning of the Programme represented a short time for any sustained progress to materialize, though the time was sufficient for laying down a framework. The present approach and existing mechanisms had proved not to be without use and the programme

therefore needed to be extended for another five years and given additional momentum so as to fulfil the initial goals of the UN-PAAERD. In this regard, there was need for increased ODA and support for African countries from the multilateral financial institutions, as well as increased foreign direct investment, while taking into account long-term developmental concerns and the need to reduce the social costs of adjustment.

341. The extended UN-PAAERD should be readjusted to enable it to cope with changes that had taken place in Africa. UNCTAD's own contribution should include the continuation of needs appraisal missions, which should cover all regions of developing Africa. The role of UNCTAD's Task Force Unit had been appreciated by African countries, and the work of this Unit needed to be strengthened and continued. Moreover, the Group of 77 appreciated the positive role of UNCTAD's technical assistance unit for African countries in their preparations for multilateral trade negotiations. He concluded by saying that his Group hoped for an agreed outcome that would send a recommendation to the Ad Hoc Committee of the Whole for extension of the programme for five more years.

342. The spokesperson for Group B (Norway) said that it was generally acknowledged that the African countries had the primary responsibility for the formulation and effective implementation of appropriate policies and priorities for their own growth and development. The UN-PAAERD had, indeed, been an African initiative - an expression of these countries' strong desire to actively confront the challenges of African development. The Programme, therefore, had a high moral, psychological and political value for the region itself. It was also a call for, and a clear indication of several of these countries' need for, consistent support from the international community to be able to fulfil their objectives. The Programme's chief importance lay in the concept of mutual commitment and partnership between African developing countries and the international community.

343. Because the time span involved (four years) was too short for such a comprehensive and ambitious programme to show definite results, its success might be difficult to discern. The distinct value of the programme lay in the awareness of the need for stringent fiscal and economic measures to turn the tide towards a healthy development based on fiscal prudence and market-based principles. Fundamental socio-economic problems like those facing African countries could only be solved through long-term planning and efforts, sound economic policies and accountable institutions.

344. Africa's situation continued to be characterized by weak agricultural growth, a decline in industrial output, poor export performance, climbing debt and deteriorating social indicators, lack of institutional capacity and a worsening environmental situation. The Gulf crisis had raised uncertainty for African countries in terms of its effect on existing recessionary trends, endangering the progress which had been achieved during the period. This placed an extra responsibility on the world community not to let international attention be drawn away from the African continent.

345. In some African countries, scattered signs of recovery had occurred, which proved that adjustment measures, though burdensome, were indispensable. The positive results included moves towards more realistic exchange rates,

interest rates and price systems, improvements in fiscal balances, trade liberalization, public management and increased emphasis on the role of the private sector and investment. In sub-Saharan Africa, where about two thirds of the countries had begun to implement policies to effect structural adjustment of their economies, GDP had risen by 3.5 per cent in 1989, as against 2.5 per cent in 1988. However, with continued high rates of population growth, current GDP growth rates still produced little per capita income growth in most countries. Trends varied widely, but several countries in Eastern and Central Africa had achieved favourable economic performance after dismantling trade and other controls. Also, in response to adjustment efforts, SADCC countries had experienced recovery, particularly due to appropriate policies in the agricultural sector. Internal war and continued insecurity impeded growth in several East African countries, and some Central African countries were severely hit by declines in coffee prices and food crop production.

346. African efforts were to be complemented by the international community in terms of increased resource flows, debt relief measures, and improved access to markets for products from Africa. Much of Africa's poor export performance was due to supply problems which needed to be resolved in Africa, but barriers to some of Africa's exports might in many cases constitute major disincentives to reform and diversification in Africa. Several proposals presented during the ongoing GATT negotiations could, however, have positive effects on African countries' trade.

347. Severely indebted low-income countries had benefited substantially from various debt initiatives by the donor community. Other new measures benefiting these countries were the World Bank's Special Programme of Assistance for debt-distressed African countries, and the IMF's Structural Adjustment Facility and Enhanced Structural Adjustment Facility. The debate in different international financing institutions, the recommendations made in the Craxi report (A/45/380, annex) and different proposals from individual countries were signs of the international community's continuous preoccupation with and commitment to finding solutions to the problems of low-income debt-distressed African countries.

348. The international community had made efforts to improve the situation, but more remained to be done. Resource flows (ODA) needed to be monitored and augmented where feasible. Improved recipient policies deserved support, especially in the context of higher levels of indebtedness and general economic uncertainty. African countries were now experiencing a very regrettable actual regression in health, education, transport and communication, but adjustment programmes were now being evolved by combining fiscal and monetary measures with steps to minimize the adverse social impact of adjustment.

349. Population growth continued to be high in most African countries, implying strains on social services, employment and the environment. Respect for human rights had to continue to get appropriate attention. Mobilization and development of human resources, as well as integration and participation of all groups, in particular women, in the development process,

was of crucial importance to ensure necessary support for and the basic ingredients in an increasingly self-reliant socio-economic development process in African countries.

350. Her Group particularly appreciated the work of the Secretary-General's Expert Group on African Commodity Problems (UNCTAD/EDM/ATF/1), which had drawn attention to the importance of increasing market access for products of interest to African countries.

351. Finally, in spite of its very short time-frame, the UN-PAAERD had played a useful role in raising world consciousness about the problems of Africa. Her Group believed there was a need for continued commitment of international support and action for Africa.

352. The representative of China said that, in the process of implementing the UN-PAAERD over the past four years, many African countries had adopted wide-ranging measures to overcome difficulties and revamp their economies, including introducing restrictive policy measures, increasing revenues, making more effective use of resources, boosting production and invigorating the economy. These had been accompanied by trade liberalization and a general opening-up of the African economies. Although only a small number of African countries had registered success, adjustment policies had had some positive results in alleviating the economic hardships of the African countries and in promoting their recovery and development. During this period, the international community had also made some contribution in the form of increased ODA flows to African countries, though the drying-up of new export credits and the rise in debt-service payments had brought about a decline in real terms of official resource flows. The international community had also taken positive initiatives in favour of solving the foreign debt problem of African countries. These efforts had resulted in a marked increase of Africa's GDP during the implementation of the UN-PAAERD, as demonstrated by the rise in regional GDP at factor cost from 0.4 per cent in 1987 to 2.9 per cent in 1989. Although it had fallen short of removing the economic difficulties of the African countries, the Programme had made a positive impact on promoting the economic recovery of the African countries.

353. Overall, however, the African countries had experienced unabated deterioration in their socio-economic conditions throughout the 1980s, mainly due to external factors such as sluggish growth in the Western industrialized countries, low and falling prices of commodities, high interest rates, mounting protectionist pressures and dwindling ODA, coupled with internal factors such as policy mistakes in some African countries.

354. Her delegation believed that, upon the completion of the UN-PAAERD, and in addition to the further endeavours of African countries themselves, the international community still had a responsibility to continue its assistance to the African countries in their economic recovery and development. In addition to proposals advanced by the secretariat, further efforts should focus on financial resources, mobilization and efficient use of resources, the reduction or writing-off by creditor countries and multilateral financial institutions of the debt incurred by the African countries, and trade - particularly diversification; the international community must also improve market access conditions for African countries.

355. The representative of the Netherlands, speaking on behalf of the EEC and its member States, said that cooperation with Africa occupied a central position in the development activities of the Community. The Community's participation in the UN-PAAERD reflected its adhesion to the spirit and goals of the Programme, whereby donor countries recognized that their aid was essential for the success of the efforts of African countries, while the latter assumed their responsibility for development and policy reform. Such a relationship was a crucial step forward in the development dialogue and was in line with the type of contractually agreed mutual commitment which underlay the Lomé Convention.

356. The Community's participation in the UN-PAAERD was also based on its adhesion to the objectives of the Programme, in particular with respect to agricultural development and structural adjustment. The Community had provided extensive support in those areas, while pursuing a range of policies the need for which had been underlined by the UN-PAAERD, for example providing broad market access for African exports, developing human resources, protecting the environment, promoting regional cooperation, improving conditions for commodity production and trade, support for private enterprise development and investment, as well as improving the performance of public sector enterprises. Human rights had also occupied a central position in the Community-ACP dialogue.

357. As far as evaluating UN-PAAERD was concerned, the scale of the efforts of both African countries and donors and the seriousness of the problems faced meant that conclusions should be based on careful analysis. The efforts being made must be seen in a long-term perspective, and short-term judgements should be avoided. The Community's efforts in cooperation with its African partners would go on, and it was hoped that their approach would be followed. The pursuit of the policies and reforms embarked upon by the African countries was essential for success. Finally, it was hoped that the kind of dynamic dialogue that had characterized relations between the Community and the ACP countries and in which cooperation instruments could be regularly improved and new policy concerns integrated could be developed among all those involved in the UN-PAAERD.

358. The representative of Israel said that the question of African development had long been one of great concern to his country, and a considerable proportion of his country's international technical cooperation programme concerned Africa.

359. Any consideration of Africa's problems had to give high priority to agriculture, and his country's experience in the development of agriculture was of relevance to Africa's present situation. At independence, Israel had been a food-deficit country, whereas today it was self-sufficient in agriculture and an important supplier of fresh produce to markets of the developed countries. Many aspects of Israel's success story were relevant to the needs of other developing countries, in particular innovative organizational structures, a stress on science and technology and its organic relationship with the field, and proper planning based on the requirements of the market.

360. With regard to the UN-PAAERD, the Programme's priorities included the development of agriculture and related sectors, but importance was also attached to issues such as the place of women in development. Regrettably, the overall situation in Africa had shown little improvement in the last five years, and the continent still faced a bleak situation, with infant mortality very high and life expectancy, in general, low.

361. UNCTAD's own contribution to the UN-PAAERD had been peripheral, and UNCTAD could either play a more useful coordinating role or devote its limited resources to other matters more clearly within its area of competence.

362. Since the special session in 1986, his country had been active in promoting diversified and market-oriented agriculture in some 10 African countries. His Government welcomed the new emphasis laid on the development of human resources, and his country's programmes always included an extension component. Emphasis was placed on the introduction of regenerative agricultural systems, based on a much lower level of purchased inputs, and in some African countries his Government had been able to assist in the promotion of effective guided credit systems for small farmers.

363. The problems of subsistence agriculture remained a serious concern. Drought-resistant varieties of open pollinated sorghum and maize had been introduced by Israeli researchers, with promising results. His Government would shortly be introducing training and consultancy programmes dealing with the preservation and improvement of the agricultural ecology. These micro-level activities were an essential and basic part of the effort required to halt the degradation of Africa's agricultural production capacity.

364. The representative of Sudan said that the UN-PAAERD concerned all vital sectors in the African economy and indicated a variety of propositions for Africa's economic recovery and development. African countries had accepted the primary responsibility for their own development and had undertaken structural adjustment programmes in spite of the risks involved. Secretariat document TD/B/1280 clearly indicated the reasons for the disappointing results achieved as a result of the implementation of the UN-PAAERD; to the reasons given (particularly in para. 56) should be added drought and desertification, as well as other natural disasters.

365. His country had pursued adjustment programmes in spite of the difficulties involved. The programmes had been developed by taking into account the views of scientists, the private sector, and trade unions. Government spending had been reduced and efforts were being made to improve food security. The Government was endeavouring to increase production and self reliance, as well as paying more attention to popular participation in the promotion of development and growth.

366. UNCTAD's role in the implementation of the UN-PAAERD was vital, and his delegation appealed to the international community to support UNCTAD in its efforts to meet the numerous needs of African countries in terms of technical assistance activities. The international community needed to step up its bilateral and multilateral assistance in the areas of debt, resource flows,

market access and the general functioning of the world economy. His country attached great importance to the continuation of the programme and called for a clear signal from the Board to that effect.

367. The representative of Kenya said that Africa was today witnessing increasing emigration not only of skilled Africans but also of anyone who got the chance to flee the problems that had gripped Africa. Africa had, in real terms, contributed to growth and prosperity in other regions more than it had received in return, and the UN-PAAERD was an attempt to get Africa out of this situation.

368. It could not be denied that African countries had undertaken courageous reforms, including very painful structural adjustment measures. It was also true that Africa's development partners had adopted measures, even though these measures did not match the commitments undertaken.

369. His country had consistently undertaken a series of measures to improve the economic environment. The priority had been the provision of a stable political environment conducive to domestic as well as foreign business activity. The Government's pragmatic development strategy consisted of the following key elements: maintenance of realistic prices for agricultural produce, wage policies that contributed to price stability and encouraged employment creation, maintenance of interest rates that provided incentives to savers and promoted efficient allocation of credit to borrowers, flexible exchange rates, a liberalized trade regime and virtual elimination of price controls. Measures had also been taken aimed at increasing the participation of the public, especially women, in all levels of economic activity.

370. Through sound economic management, coupled with inflows of foreign capital, his country had managed to weather the difficult periods in the 1980s. The continuity in implementation of Kenya's development strategy and the efforts of the donor community to mobilize additional resources, including debt relief measures, had contributed to growth in the Kenyan economy averaging 5 per cent over the last five years.

371. The initial impact of the measures had, however, been mixed as was the case in other parts of Africa, and most of the positive results could be accounted for by good weather. Fiscal restraint had led to declines in essential social sectors, and it had also contributed to the depressed level of private investment, both domestic and foreign.

372. Important lessons had been learned during the Programme period. First, initial efforts had concentrated too much on structural adjustment, especially if sponsored by the IMF/IBRD. Second, implementation of the Programme had been constrained by inadequate domestic and external resources. Domestic resources were limited by low commodity prices, the external resource flow had fallen short of expectations, and debt remained a major constraint for economic recovery. Efforts by national Governments had also stretched national administration capacities to extreme limits.

373. The Programme had made both the African countries and the international community realize that urgent and substantial efforts, and not piecemeal efforts, needed to be taken to arrest the decline and marginalization

of Africa. Past approaches had allowed survival, but they had not generated development. It was therefore necessary to continue international efforts, taking into account Africa's long-term development needs.

374. The representative of Tunisia said that the current session of the Board offered a meaningful opportunity for the examination of what had been done over a period of four years in order to draw necessary conclusions for future activity. Thirty African States, sometimes on their own initiative, had undertaken structural adjustment programmes, despite the negative immediate political impact and high risk. Measures had included liberalization of external trade, deregulation of trade, privatization and rationalization of the civil service. However, the results were hardly encouraging, and only marginal, fragile progress had been made. Improvements in agriculture had been associated with climatic improvements, and on the whole the situation remained grave. A number of African countries had not been able to reconcile short-term macroeconomic stabilization with long-term development and structural transformation.

375. In the wake of economically constraining programmes, it was appropriate to ask whether the sacrifice had been worthwhile and whether these programmes were properly designed for Africa. The obstacles encountered suggested that an intensification of efforts was needed. He emphasized the need to pay full attention to the social sectors in designing structural adjustment programmes.

376. The African countries were committed to pursuing their reform efforts, and they expected the follow-up to the UN-PAAERD to include refined approaches developed in the light of the experience acquired in implementing the Programme.

377. The representative of the Organization of African Unity (OAU) said that OAU agreed with the UNCTAD secretariat's analysis of the UN-PAAERD. African countries had made enormous efforts to try to overcome their economic difficulties, and most of them had undertaken costly structural adjustment programmes. However, few positive results had so far been achieved, and the international community had not provided the promised assistance. Further efforts would therefore have to be made, with the support of the international community.

378. OAU had taken a number of initiatives to enhance economic integration in Africa, and in fact the treaty establishing the African Economic Community was expected to be signed later in the year. The creation of the Community represented the expression of the collective will of African States to lay the foundations for self-reliant and lasting development. Africa was thus entering a new phase of social and economic development, and it was hoped that the international community would provide its support.

379. The representative of Egypt said that four years was a short time for a programme such as the UN-PAAERD to have a significant impact, since in the past the continent had not received adequate attention. The positive results that had been recorded were largely due to national efforts of African countries and favourable climatic conditions. African countries had carried

out reform programmes at a high social cost, including encouragement of the private sector and foreign investment, but the results so far had not been encouraging.

380. A number of economic indicators in Africa were becoming worse. Debt was mounting due to the insufficient and non-comprehensive nature of international debt relief measures, as well as rising interest rates, while commodity markets were marked by downward fluctuation of prices and uncertainty. Future efforts should be based on the principle of full participation of the African countries and the international community, with primary responsibility lying with the African countries. Urgent action was required to alleviate the debt burden, and what was needed was a long-term, comprehensive approach to the debt problem. Official development assistance needed to be increased, and FDI needed to be encouraged by developed countries, alongside intensification of international efforts to assist African countries in pursuing structural adjustment programmes, which should deal not only with macroeconomic issues but also with long-term structural problems, reduce the social burden and take development objectives into account. The international community should provide environmentally sound technologies on preferential and non-commercial terms, as well as advanced technology and know-how, and technical assistance needed to be enhanced.

381. The results of the Uruguay Round would be extremely important for Africa, and the agreements emanating from the current negotiations should not deny African countries the right to develop and protect the services sector or to have access to technology. There was also a need for a more comprehensive compensatory financing mechanism to offset falling export earnings.

382. His delegation endorsed the call by the Group of 77 for a five-year extension of the Programme to provide a chance for the full realization of its objectives, while taking into account changes that had taken place in Africa in the late 1980s and beginning of the 1990s. The international community had to shoulder its responsibility, and Africa must not be neglected in favour of other new concerns.

383. Any assessment of the UN-PAAERD and related studies, statistics and information by all international forums and organizations should cover the whole of developing Africa. UNCTAD's contribution to the UN-PAAERD in the areas of policy research and analysis, as well as technical assistance activities, was welcome. In that connection, future needs appraisal missions to Africa should cover all developing regions of the continent.

384. The representative of Algeria said that the African countries had opted for a courageous development programme reflecting their desire to assume responsibility for their development and growth, but despite the efforts made and costs incurred, the economic situation of Africa continued to cause concern and was characterized by growth in external debt, a sharp drop in commodity prices, a deterioration in the terms of trade, and difficulties connected with structural adjustment in an unfavourable external environment.

385. The implementation of the UN-PAAERD had been delayed as a result of the international community's failure to honour its commitments. It must be recognized that the African countries had made considerable efforts, well

before the adoption of the UN-PAAERD, to end their economies' vulnerability. However, that ambitious goal had not been attained because of the complexity of the task, which required means well beyond the real possibilities of Africa. The international community must therefore show its solidarity with Africa, and the UN-PAAERD represented a positive step in the expression of international solidarity with a continent whose real needs had not been matched by the efforts made by the international community so far. The modest results of the UN-PAAERD must not be an excuse for inaction. Despite the very short time of its implementation, there was a crucial need to pursue efforts for recovery in the African economies with fervour and determination to help the continent escape from the dead-end facing its development prospects. Solidarity was in the interests of all mankind committed, in the name of the interdependence of nations, to promoting the economies in regions of the world particularly affected by delayed development.

386. The representative of Ghana said that his country's commitment to implementation of structural adjustment programmes predated UN-PAAERD. The first phase of Ghana's economic recovery programme had been launched in 1983, and the turnaround in the country's economy over the period 1983-1984 to 1989 had been remarkable, with average growth rates of 5 per cent per annum. His country appreciated the assistance and encouragement from the international community which had made this possible. The programme had had major social costs, however, especially in the areas of education, health, nutrition and unemployment. A programme addressing itself specifically to mitigating the social costs of the adjustment programme had been designed, also with the assistance of the international community.

387. To assist in mitigating these negative effects, UNCTAD's technical assistance programmes in the field of human resources development should be expanded and strengthened. UNCTAD's role under the UN-PAAERD should transcend just monitoring and assessing the implementation of the programme. UNCTAD should be given the requisite resources to play a catalytic role, commensurate with its mandate in the field of trade and development.

388. With regard to the role of commodities in overall economic performance, Ghana derived over 60 per cent of all its export earnings from cocoa beans, and the drop in the growth rate to 2 per cent in 1990 was due to a fall in cocoa prices to their lowest level in 20 years. There was a need, therefore, to address the structural deformity of the African economies in the context of diversification programmes.

389. Diversification programmes called for improved availability of financial resources. While existing arrangements under the STABEX for compensating ACP countries were welcome, they needed to be augmented and expanded in coverage. However, the existing arrangements were inadequate and were ultimately debt-creating, as were other forms of ODA. His delegation believed that foreign direct investment had the potential to play a major role in the economic transformation in Africa, especially through its interaction with the development of the private sector.

390. Finally, his delegation called for continuation of the UN-PAAERD for at least another five-year period, accompanied by renewed commitment from the

international community. In spite of the mixed results of the Programme, given the necessary support positive results and progress could be achieved towards the creation of strong, self-sustaining economies in Africa.

391. The representative of Senegal said that the beginning of the 1980s had seen Africa in an economically difficult situation as a result of, *inter alia*, drought, debt, declining resources, unemployment and war. African Heads of State and Government had responded by adopting the APPER, the major priorities of which included agriculture, agricultural support sectors, training and environmental conservation. The problems facing African countries had been identified as including colonialism and the negative impact of apartheid on some countries. He welcomed the fact that Namibia had since become independent and that positive developments were taking place in South Africa. Development had to be based on dialogue, self-reliance, the rule of law, freedom of thought, democracy and human rights.

392. The UN-PAAERD was based on an international consensus and an authentic partnership. Africans had made considerable efforts to implement economic reforms and structural adjustment, but prices of commodities had dropped, the terms of trade had deteriorated, debt had mounted and capital flows from abroad had diminished. The contribution of the international financial institutions and other organizations to the UN-PAAERD would have to be assessed in that connection.

393. The 1980s had been a decade of stagnation, and a continued dialogue with the donor community was essential. Among other things, resources would have to be mobilized, commodity prices stabilized and investment encouraged, and regional integration would have to play an important role.

394. For its part, the UN-PAAERD must be pursued to allow African economies to proceed with structural adjustment and better withstand external shocks. Partnership was essential, and the UN-PAAERD should be seen not as a mere list of countries' needs but as the expression of a collective desire to participate in the construction of a new world order.

395. The representative of Ethiopia said that the APPER had signified the will and determination of African countries to tackle their problems by themselves. Food production and agricultural rehabilitation had been the main priority, and African countries had pledged themselves to allocating 25 per cent of their budgetary resources to those sectors. The international community for its part had pledged itself to supporting fully African efforts, as expressed in the UN-PAAERD. However, the commitments had not been realized, and the situation was now worse than it had been five years before. African countries had spared no effort in trying to implement the twin programmes to bring about recovery and development. They had introduced policy reforms, including difficult structural adjustment programmes, to make their economies more efficient and flexible. For example, in Ethiopia fundamental changes had been introduced in order to provide a framework for the efficient functioning of both the public and the private sectors, as well as foreign enterprises. The response of the international community had been mixed, but overall it had been below expectations. His delegation appreciated the efforts made by some members of the donor community and was concerned by the lack of will of many of Africa's development partners.

396. The representative of Nigeria said that the 1980s had been a decade of massive retrogression for Africa. African countries had suffered major deficits, and African debt and debt-service ratios had soared. Per capita output had fallen, while the number of African LDCs had increased from 17 in the 1970s to 28.

397. His delegation recognized that the primary responsibility for the development of the African countries lay with the African Governments and people. It was in that light that OAU had adopted the APPER in 1985, and most African countries had adopted appropriate policies aimed at implementing their commitments under the programme, although the unfavourable international environment remained the major obstacle.

398. A significant achievement of the UN-PAAERD had been to draw the attention of the world community to the acute economic problems facing the African region. The international community, however, had not lived up to its commitments on UN-PAAERD; resource flows were below the expected levels, FDI was almost nil, and commercial bank lending was equally non-existent. His delegation expressed the hope that Africa would not be neglected, as most of the attention of the developed countries was now directed towards transforming East European countries.

399. A revitalized Africa would continue to provide large markets for the developed countries' exports. However, one of the most important obstacles in the way of recovery was the debt problem, and concerted international action was needed. Commodities continued to play a critical role in the economies of many African countries, and the international community must assist Africa's diversification, processing and marketing activities. Improved market access for processed and semi-processed African exports would facilitate such efforts.

400. The four years that the programme had existed was too short a period for the realization of the goals of the UN-PAAERD. His delegation therefore supported the call by the Group of 77 for a five-year extension of the programme to enable the existing mechanisms to yield positive results and to enable the international community to meet its obligations under the programme. His delegation also supported the continuation of the existing mechanisms within UNCTAD to assist the African countries.

401. The representative of Sweden, speaking on behalf of the Nordic countries, assured the Committee of the Nordic countries' commitment to continued support for African countries in their endeavours to embark upon sound and sustainable development. The Nordic countries had taken the UN-PAAERD very seriously when the Programme had been adopted by the General Assembly in June 1986. The bulk of Nordic development assistance was allocated to sub-Saharan Africa, and sub-Saharan Africa would continue to have high priority in future allocations of ODA flows from the Nordic countries.

402. The importance of the UN-PAAERD lay in two aspects: the increased awareness on the part of African countries of the need to accept primary responsibility for their economic development and launch stringent and far-reaching economic reform programmes based on market-economy principles; and the partnership with the international community in implementing these often harsh reform programmes.

403. The conclusion reached by the Nordic countries was that many countries were on the right track towards sounder economic development but that the major work still lay ahead, since the situation in most sub-Saharan countries remained critical. This called for urgent action by the African countries themselves and the international donor community, which had committed itself to providing sufficient resources for the Programme of Action. In this context, the Nordic countries wished to underline the importance of burden sharing.

404. The need for fiscal restraint did not have to lead to neglect of the social sectors. The international financial institutions were increasingly aware of the need to provide budgetary resources for the social sectors to ease structural-adjustment-related hardships.

405. Finally, the Nordic countries would be happy with an outcome in the General Assembly that strengthened the partnership with African countries, and they would continue to assist Africa in achieving sound and sustainable development.

406. The representative of Switzerland asked whether UNCTAD participated in national technical cooperation assessments and programmes (NATCAPs) and, if it did, what its assessment of NATCAPs was.

407. The Chief of the Joint Technical Cooperation Unit said that UNCTAD had not yet participated in NATCAPs, and it could not, therefore, make an assessment. However, any exercise that made technical cooperation more effective was worthwhile. Efforts were also being made to link NATCAPs to other activities, and UNCTAD was encouraging UNDP to give importance to areas related to the external sector.

408. At the Sessional Committee's 5th (closing) meeting, on 22 March 1991, the Chairman presented a draft resolution entitled "United Nations Programme of Action for African Economic Recovery and Development 1986-1990: UNCTAD's intergovernmental input into the General Assembly's final review and appraisal of the implementation of the Programme of Action in 1991" (TD/B(XXXVII)/SC.2/L.3).

Action by Sessional Committee II

409. At its 5th (closing) meeting, on 22 March 1991, the Sessional Committee recommended draft resolution TD/B(XXXVII)/SC.2/L.3 to the Trade and Development Board for adoption.

Action by the Board

410. At its 788th meeting, on 22 March 1991, the Board adopted draft resolution TD/B(XXXVII)/SC.2/L.3 (for the text, see part I above, resolution 389 (XXXVII)).

411. The representative of the United States of America said that his delegation was pleased to have joined in the adoption of this resolution but would like the record to reflect that it was his delegation's understanding that operative paragraph 7 was in the context of the international debt strategy to address effectively African debt problems.

Chapter V

REVIEW OF PROGRESS IN THE IMPLEMENTATION OF THE PROGRAMME OF ACTION OF THE SECOND UNITED NATIONS CONFERENCE ON THE LEAST DEVELOPED COUNTRIES - UNCTAD'S CONTRIBUTION TO THE FOLLOW-UP OF THE PROGRAMME OF ACTION

(Agenda item 5)

412. For its consideration of agenda item 5, the Board had before it the following documentation:

> "Review of progress in the implementation of the Programme of Action of the Second United Nations Conference on the Least Developed Countries - UNCTAD's contribution to the follow-up of the Programme of Action: note by the UNCTAD secretariat" (TD/B/1285);
>
> "Paris Declaration and Programme of Action of the Second United Nations Conference on the Least Developed Countries" (A/CONF.147/Misc.9);
>
> "Declaration adopted by the first meeting of the Heads of State and Government of the Least Developed Countries (New York, 1 October 1990)" (TD/B/1286 - A/C.2/45/5).

Consideration in Sessional Committee II

413. In an introductory statement, the Deputy Secretary-General of UNCTAD said that the decision made by the Second United Nations Conference on Least Developed Countries to review annually, in the Trade and Development Board, progress in the implementation of the Programme of Action for the LDCs for the 1990s showed the importance attached to the regular follow-up of the Programme in UNCTAD. Referring to the decision of the General Assembly to strengthen the Special Programme of UNCTAD on the LDCs, he said that the additional resources thus provided would enable the secretariat to strengthen its analytical and support capacities, and notably to contribute to follow-up activities at the national level and extend its work into the new priority areas defined in the Programme of Action, such as developing human capacities and environment. The Secretary-General of UNCTAD had decided to upgrade the Special Programme within the secretariat in view of its increased responsibilities; the process of reorganizing and enhancing the Special Programme, presently under way, would be completed as quickly as possible. During the past few months, the secretariat had also initiated consultations with other organs and organizations of the United Nations system to examine the means of strengthening the links between various levels of follow-up in the implementation of the Programme of Action and to determine the modalities for inter-agency exchange of information and coordination. As regards UNCTAD VIII, although there was no specific item referring to LDCs on the agenda, LDCs, which formed part of the developing countries, would benefit from general progress made at the Conference; moreover, it was expected that they would be given specific consideration in sectoral areas. The background documentation for the Conference would refer to the LDCs under the appropriate headings.

414. With regard to the current situation of the LDCs, the outlook for those countries was now worse than foreseen at the time of the Paris Conference due to the consequences of the crisis in the Persian Gulf. The attention of the international community, which already had before it the changes in Eastern Europe, the establishment of major trading blocks and the search for new forms of regional and global security and equity, would now also be turned to the need for reconstruction and economic recovery in the countries affected by the war. It was important to ensure that these efforts and concerns, necessary and legitimate in themselves, did not lead to a withdrawal of resources from the LDCs. In view of this situation, the Board should confirm the determination of member States to fulfil the commitments undertaken in the Programme of Action and underline the urgent nature thereof. As other unforeseen events might occur in the future, and given the overall vulnerability of the LDCs, new measures could become necessary in this context in order not to jeopardize the objectives set in the Programme.

415. The Chief of the Special Programme for Least Developed, Land-locked and Island Developing Countries said that the Second United Nations Conference on the Least Developed Countries had entrusted considerably increased responsibilities to UNCTAD in the follow-up to the Programme of Action adopted at the Conference and that the General Assembly, at its forty-fifth session, had decided that UNCTAD should continue to serve as the focal point for the review and appraisal of the implementation of the Programme of Action. The secretariat was making arrangements, including the use of questionnaires, to gather information, from both LDCs and donors, about the policies and measures they were adopting in order to implement the Programme and meet the commitments they had undertaken, for a first substantive review, expected to take place at the 1992 spring session of the Board. It was also envisaged to change the format of future annual LDC reports to some extent, *inter alia* by selecting one or two special topics for more in-depth consideration each year.

416. He went on to review follow-up activities which the secretariat had already undertaken since the adoption of the Programme of Action, consultations with other agencies on the organization of the follow-up to the Programme, and activities of operational and substantive interest which could be undertaken in this context. He also referred to the meeting of experts convened in January 1991 to discuss the criteria for identifying the least developed among the developing countries, noting that work on criteria and their application was continuing. Moreover, UNCTAD was developing various technical assistance projects and programmes for LDCs, including activities for helping LDCs implement the Programme of Action through economic and technical cooperation among developing countries.

417. He emphasized that the experience gained in monitoring the SNPA, the capacity which UNCTAD had built up in this area during the past decade, the modes of work adopted during the preparatory process leading up to the Second United Nations Conference on LDCs, the new resources provided to the secretariat and, above all, the strong political commitment expressed by the international community in the Paris Declaration and Programme of Action augured well for a similarly strong and substantive contribution from UNCTAD to the follow-up of the Programme of Action for the LDCs for the 1990s.

418. The spokesman for the Group of 77 (Bangladesh) said that the consideration of agenda item 5 constituted a watershed in the evolution of the role of UNCTAD in the review process which was crucial to the implementation of the Programme of Action throughout the decade. He noted that, despite the short time that had elapsed since the Second United Nations Conference on the LDCs, the UNCTAD secretariat had provided the Board with an advance copy of the Least Developed Countries Report 1990. The Report contained useful updated information on the situation of the LDCs and provided a very valuable assessment of policy orientations for sustained development in the LDCs. The Paris Conference and the General Assembly had entrusted UNCTAD with a significantly enhanced role and responsibilities in the context of the review, monitoring and follow-up of the Programme of Action, which, at the global level, would involve analysing experience with policy framework plans and country-level coordination arrangements, assessing the economic and social performance of LDCs, monitoring the implementation of commitments and measures, and reviewing the assistance of the LDCs' development partners. It had requested UNCTAD to provide support for the strengthened and expanded country review process and review at the regional levels, and it had also called for establishing the necessary links between follow-up at the national, regional and global levels. The Secretary-General of UNCTAD had been called upon to assist the Secretary-General of the United Nations in mobilizing all bodies in the United Nations system for the implementation of the follow-up. UNCTAD had also been invited to assist LDCs in undertaking consultations among themselves on matters of common interest and to continue and where necessary expand technical assistance activities in the LDCs. He expressed appreciation to the Governments of Italy and the Netherlands for their contribution to UNCTAD's technical assistance activities and to the Government of Japan for organizing the Tokyo forum to be held in May 1991.

419. The social and economic situation of the LDCs as a whole had worsened during the 1980s. That extremely worrisome trend had continued during 1989-1990, as the overall economic growth of LDCs as a group had further slowed down, resulting in 1990 in a growth rate of 2.5 per cent, which was one percentage point lower than in 1988 and reflected negligible per capita growth rates. Several external factors had contributed to this situation, including global economic slowdown, financial instability, changes in Eastern Europe, the continued insufficiency of external support, and the uncertainties generated by the recent events in the Middle East. External shocks, which found in the LDCs their worst victims, called for urgent and decisive additional support measures by the international community to enable the LDCs to absorb the adverse impact thereof. He earnestly hoped that the current session of the Board would provide an opportunity to consider requesting the UNCTAD secretariat to undertake an in-depth examination of the consequences of the recent events in the Middle East, so that specific additional measures could be recommended to mitigate those consequences.

420. Pursuant to the provisions of the Programme of Action, the LDCs had already initiated policies and measures which were comprehensive in scope. New policy approaches were already in place or emerging in the LDCs which stressed reform and enhanced efficiency of the public sector, ensuring broader participation in the development process, taking due consideration of market signals, promoting private initiatives, linkage of poverty to environmental degradation, etc. The LDCs were effecting these fundamental changes, which

were often painful and disruptive, under very adverse economic conditions, and particularly against the backdrop of a worsening external economic climate. Unless buttressed by sufficient support measures by their development partners, these extraordinary and painstaking efforts might come to naught. Development partners were therefore urged to redeem their pledge for timely and adequate external support in all areas, in particular ensuring substantial increases in ODA and immediate actions in the areas of external debt and trade.

421. General Assembly resolution 45/206 was to be welcomed, but the additional resources provided to the Special Programme were not sufficient to allow it to carry out its greatly enhanced mandate. He called for proposals for further resources to be included in the context of the programme budget for the next biennium. The Group of 77, following the adoption of resolution 45/206, had reiterated its position, as contained in the Arusha Declaration of 1979, regarding upgrading the Special Programme for LDCs, and he expressed deep appreciation to the Secretary-General of UNCTAD for his decision to upgrade the Special Programme. His Group was fully convinced that this upgrading would soon be fully and distinctly reflected in the structure of the UNCTAD secretariat.

422. In conclusion, he urged that the Board request the Secretary-General of UNCTAD to make an oral report to the eighth session of the Conference on the positive outcome of the Paris Conference, as well as on UNCTAD's efforts to implement its mandate under the Programme of Action.

423. The spokesman for Group B (Greece) said that the Second United Nations Conference on the Least Developed Countries, which had been hosted by France and had been welcomed by the international community as a major success, had confirmed the effectiveness of the preparatory process in which UNCTAD had played a central role. The Programme of Action adopted by the Conference was an international policy statement that was meant to guide the action of the international community during the 1990s. As stated by the Paris Declaration, the Programme of Action demonstrated a unanimous determination to promote an ambitious development policy, the success of which rested on the effectiveness of national policies, a favourable international climate and a strengthened partnership based on mutual commitments. The Governments of LDCs had the major responsibility for their development by defining and implementing appropriate policies, and their partners would support those policies and efforts. Group B was looking forward to the implementation of the results of the Conference on the basis of shared responsibility and strengthened partnership.

424. The Programme of Action emphasized the role of private entrepreneurship, efficient public enterprise, and integrated rural development as elements necessary for take-off in the LDCs' economies. It also stressed the need to develop human resources by making populations, both men and women, the actors and beneficiaries of development, by respecting human rights and social justice, and by applying effective population, health, education, training and employment policies. Another important consideration was that all countries should, as stated in the Punta del Este Declaration, give special attention to the particular situation and problems of the LDCs and to the need for positive measures to facilitate expansion of their trading opportunities.

425. The present session of the Board formed part of the global follow-up to ensure the pragmatic, operational, adaptable and evolutionary process of the implementation of the Programme of Action. Recalling the mandate of UNCTAD in that regard, he said that, at the global level, UNCTAD, in cooperation with other concerned organizations, organs and agencies of the United Nations system, should continue to serve as the focal point for the review and appraisal of the implementation of the Programme of Action. Every effort must be made to ensure that the LDCs, which represented one-fourth of the countries of the world, be given every opportunity and the appropriate support to avoid the risk of marginalization. In that connection it must be emphasized that priorities vis-à-vis the LDCs would not be affected by the developments in Central and Eastern Europe.

426. With regard to the Declaration of the first meeting of Heads of State and Government of LDCs (TD/B/1286), the growing awareness on the part of the LDCs themselves of the need for profound policy reforms met with the satisfaction and full support of the Group B countries. Group B considered the link between socio-economic development and respect for human rights, as well as more even participation in decision-making in these countries, to be of paramount importance for the success of the Programme of Action.

427. The representative of the Netherlands, speaking on behalf of the European Economic Community and its member States, said that in adopting its final Declaration and the Programme of Action for the LDCs, the Paris Conference had given the LDCs reason to take up the challenge of the future with confidence. The Community and its member States pinned great hopes on this programme, which they would like to see as a true contract of solidarity; the mutual commitments by the LDCs and donors which formed the basis of this enhanced partnership must not remain at the level of intentions. For their part, the Community and its member States would fulfil the commitments made in Paris. The Community as a whole already allocated close to 0.13 per cent of its GDP to assistance for the LDCs, and it was foreseen, on the basis of efforts already made and announcements made in Paris, that this percentage would rise to over 0.15 per cent before the end of the decade. Some countries had already exceeded that target.

428. The Community and its member States attached great importance to following up the commitments made in the Programme. At the current session of the Board, they would like to see a discussion of the modalities for implementing the different mechanisms agreed upon in this regard in Paris, in order to define more clearly the practical arrangements for the follow-up. The mandate given by the General Assembly to UNCTAD in the follow-up process posed a number of questions, such as what type of discussions and conclusions should be aimed for in the annual global review to be undertaken by the Board, whether indicators of success should be developed, and whether and what kind of recommendations should be made in case of non-compliance with commitments made. The same questions also arose with regard to follow-up at the regional and national levels. He deemed it necessary to have an analytical framework for evaluating the coherence at the regional level of policies implemented by the LDCs, as well as their impact on regional integration efforts. At the global level, the follow-up should draw maximum advantage from the national-level follow-up, and general lessons could be drawn from the

experience of countries in similar situations. Lastly, there was the question of how to take account of abrupt and unforeseen changes or shocks which would have a major impact on the implementation of the Programme of Action. It was in the spirit of the Programme of Action to raise such questions so that solutions could be sought jointly.

429. The representative of Bhutan expressed satisfaction with the successful outcome of the Paris Conference and the adoption of the Programme of Action for the LDCs for the 1990s. Unfortunately, however, the favourable international economic climate had suddenly been overshadowed by the crisis in the Persian Gulf. The impact of the Gulf crisis had undoubtedly had adverse effects on the economies of most of the developing countries, but because of their fragile economic base, the LDCs had been hit the hardest. The economy of Bhutan had been seriously affected by spiralling oil prices, the rising cost of imports and related inflationary pressure. Never before had the rate of inflation in Bhutan been so high. This clearly showed the vulnerability of the country's weak economy to adverse external shocks.

430. Bhutan was in the process of finalizing its seventh five-year Economic Development Plan for the period 1992-1997. Plans and programmes would be guided by a set of well-defined national policies and priorities. Rural development, increasing food production, development of human resources, conservation of the environment, mobilization of domestic resources, greater people's participation in the decision-making process, diversification of the economy and promotion of the participation of women in the development process would form an integral part of the plan. Measures were being taken to broaden popular participation in the development process.

431. The Programme of Action for the LDCs for the 1990s designated UNCTAD as the focal point for the review and appraisal of the implementation of the Programme and its follow-up at the global level. With regard to UNCTAD's technical assistance, his delegation would like to see UNCTAD mobilizing adequate resources to expand this important activity. In this connection, he expressed gratitude to the Governments of Italy, Japan and the Netherlands for their contribution to UNCTAD's technical assistance activities. In view of its acute shortage of trained/qualified personnel, Bhutan attached great importance to technical assistance activities, and it called on other donor Governments to support such activities.

432. The representative of China said that the Second United Nations Conference on the Least Developed Countries had achieved positive results. The Programme of Action for the LDCs for the 1990s and the Paris Declaration adopted by the Conference were of great importance for the revitalization of the economies of these countries; they reflected the political will of the international community to help the economic development of the LDCs and contained measures to be taken to that end.

433. Her country supported the recommendations in the Programme of Action concerning its implementation, in particular with regard to the fact that the Secretary-General of the United Nations should closely cooperate with the Director-General for Development and International Economic Cooperation, the Secretary-General of UNCTAD, the executive secretaries of the regional

commissions and the lead agencies for the aid groups to ensure the full mobilization and coordination of all organs and bodies of the United Nations system at the secretariat level. She agreed with the recommendation that UNCTAD's Special Programme should be provided with sufficient capacities and resources for the effective and timely implementation of its mandate, and UNCTAD should make a substantive input to the implementation of the Programme of Action and play an active role of coordination. She recalled the key role of UNCTAD in the implementation of the Substantial New Programme of Action for the LDCs for the 1980s and welcomed its many efforts in the context of the implementation of the Programme of Action for the 1990s.

434. The LDCs must undoubtedly make a tremendous effort in the implementation of the Programme of Action. However, other members of the international community should also take specific actions to honour their commitments as contained in the Programme of Action. They bore the responsibility for creating a favourable international economic environment for the LDCs and for increasing assistance so as to make a positive contribution to the improvement of the economic situation in the LDCs. The implementation of the Programme should be subject to serious regular review, in accordance with General Assembly resolution 45/206.

435. China was a developing country, and strengthening solidarity and cooperation with the third world countries was a fundamental element of its foreign policy. China would therefore continue, within its capabilities, to expand the scope and forms of its economic cooperation with the LDCs by way of its contribution to helping the LDCs to eliminate poverty at an early date.

436. The representative of Saudi Arabia, responding to the fact that in a number of statements reference had been made to the adverse effects of increasing oil prices on the economies of the LDCs, said that the increase in oil prices at the start of the Gulf crisis had been due to imaginary and fictitious concerns caused by the panic which had characterized oil markets during that period. The fact that oil prices had declined, notably since the outbreak of hostilities in the Gulf, proved that analysis.

437. The representative of Somalia said that the dictatorial regime of General Siyad Barre had been ousted through a popular uprising spearheaded by opposition groups. During the few weeks preceding this long-awaited collapse, General Siyad Barre's army, which had enabled him to brutally repress the Somali people for the last two decades, had indiscriminately shelled the capital city and looted substantial private and public property. Regrettably, those barbarous acts had resulted in the death of tens of thousands of defenceless civilians and the displacement of over one million people. Against the background of this tragic situation, men of courage and vision had come forward to establish an interim Government pending free multi-party elections. The new administration had, as a matter of urgency, embarked upon restoring peace and order. Furthermore, the Government had already declared a general strategy of rebuilding a new republic based on national unity, social justice, respect for human rights and political pluralism. In this regard, Somalia looked forward to the understanding and support of the international community at a time when Somalia was undergoing a crucial transition from tyranny to democracy.

438. The representative of Ethiopia expressed deep concern over the continued deterioriation in the economic and social conditions in the least developed countries, despite the efforts deployed at the national and international levels to redress the situation as envisaged in the Substantial New Programme of Action for the LDCs in the 1980s, which had been a lost decade for the LDCs. The main lesson from the experience of the 1980s was that more vigorous efforts had to be exerted not only at the national but also at the international level in order to arrest the worsening of economic and social conditions and eventually lay the foundation for sound development in the LDCs. Ethiopia therefore attached great importance to the Paris Declaration, as well as the United Nations Programme of Action for the LDCs for the 1990s, the success of which would depend on their timely implementation. He emphasized that, as the focal point for the follow-up of the implementation of the Programme, UNCTAD would play an active role of crucial importance. Hence, it had to be adequately strengthened and embark upon the follow-up activity as early as possible. He was confident that UNCTAD would fully discharge its responsibilities in the crucial phase of the implementation of the Programme. Finally, he expressed his appreciation for UNCTAD's efforts in the preparation for and conduct of the Second United Nations Conference on the LDCs.

439. The representative of Myanmar said his delegation was pleased to note that, despite the short span of time since the Conference and the adoption of the Programme of Action, the UNCTAD secretariat had managed to undertake a number of measures in fulfilment of its global monitoring role. He also noted that steps were being taken to expand technical assistance activities and that a number of projects were in the pipeline. This showed the desire and determination of UNCTAD to fulfil the enhanced role in the context of the review, monitoring and follow-up of the Programme of Action that had been entrusted to it by the Paris Conference and the General Assembly at its forty-fifth session. He welcomed the announcement by the UNCTAD secretariat that the Special Programme for the LDCs would be upgraded.

440. Those steps and initiatives taken by UNCTAD constituted measures that would hasten the transition from the SNPA and would set in motion the Programme of Action for the LDCs for the 1990s. The need to start the implementation of the Programme of Action was indeed very urgent. The social and economic situation of the LDCs as a whole had worsened during the 1980s, despite national and international efforts on their behalf, and it was a cause of concern that this trend had continued during 1989-1990. What was really worrisome was the pessimistic view shared by many with regard to the LDCs' socio-economic prospects in the coming years. It was only with timely and adequate external support that the LDCs would have a chance of overcoming their situation and improving their chance of success in their efforts to initiate comprehensive policies and measures in pursuit of the provisions of the Programme of Action.

441. The representative of Finland, speaking on behalf of the Nordic countries, said that the Nordic countries had welcomed the adoption of the Programme of Action and that, from the point of view of UNCTAD, the follow-up of the Programme was of particular importance. The Nordic countries welcomed especially the new ideas contained in the Programme which underlined the

importance in the development process of broad participatory development, including the increased integration of women in economic, political and social life, and respect for human rights. As regards the implementation of the Programme, the Nordic countries foresaw an important role for UNDP and the World Bank at the national level. It was of vital importance that the UNCTAD secretariat involve relevant United Nations organizations and bodies in the follow-up process. It would be useful to have information about the cooperation arrangements envisaged in this respect by the secretariat and also about its plans for reviewing the implementation of the Programme in terms of the new qualitative aspects he had mentioned. The follow-up mechanism for the Programme rested very much on the shoulders of the UNCTAD secretariat, and the decision of the Secretary-General of UNCTAD to upgrade the Special Programme for LDCs was to be welcomed. The planned consultations among the LDCs themselves was also an important part of the follow-up process.

442. The representative of Nepal noted with satisfaction the statements made by the representatives of the UNCTAD secretariat outlining the future steps for implementation of the Programme of Action and, in this connection, welcomed the decision of the Secretary-General of UNCTAD to upgrade the UNCTAD Special Programme for Least Developed Countries.

443. A process of democratization had recently taken place in his country. A new constitution had been promulgated and an election based on the multi-party system would be held in May 1991. Nepal would continue, throughout the 1990s, to concentrate on an important development strategy, namely poverty alleviation. Special emphasis would be laid on restoring trade balances, control of population growth, the protection of the environment, the fostering of complementary relationships between the government and the private sector, the integration of non-governmental organizations in the development process and the promotion of indigenous skills, supplemented by measures of mobilization of domestic resources. However, in order to implement these plans and programmes, the newly established Government would no doubt need increased external aid and other international support, which he hoped would be forthcoming during this decade within the framework of the Programme of Action.

444. The representative of Israel said that his country particularly welcomed the new realism and understanding which marked the Paris Declaration. It showed a new appreciation of basic non-economic factors such as human resources, the environment and integrated rural development and the importance of diversification, stressing the importance of private initiative. At the special session of the General Assembly in 1986 and at the Second United Nations Conference on the Least Developed Countries in 1990, Israel had put forward a set of ideas in the form of a strategy for a transitional economy. The transitional economy would relate primarily to increasing agricultural productivity and output, creating off-farm employment, and providing for rural social services and infrastructure. The programme offered, moreover, the following advantages and benefits: it avoided the paternalistic imposition of new patterns from above, it would be realistic in its objectives, it would de-emphasize the modern market enclave sector in favour of broad localised development, and it would be sufficiently flexible to allow for adjustments and modifications as the programmes evolved.

445. The main thrust of such a strategy ought to be the creation of a new bias in favour of that great majority of the population which made up the rural sector. In determining priorities for agricultural production, the twin objectives must be diversification and intensification, goals which could be achieved only through the fullest possible utilization of the human potential available. The proposed strategy would attempt to combine a comprehensive intersectoral development process with pragmatic decentralized planning, programming and implementation. It would focus on the need to improve the productivity and quality of life of the majority of the rural population.

446. Once the initial stages had been completed and a small national surplus had been achieved, the next stage would be to develop the traditional subsistence farm into more diversified farm structures. In the transition towards more productive, market-oriented agriculture, greater use should be made of food for resource development programmes, with food aid being used not as a stop-gap emergency measure but as a short-term strategy of partial payment-in-kind for participation in labour-intensive programmes. Two key aspects in the transformation of subsistence agriculture were the provision of continuous support for farmers by extension agents throughout the growing season and the establishment of rural institutions.

447. The transitional economy concept had an essential place within any pragmatic approach to the problems of the least developed, and it would be the focus of Israel's own ongoing efforts to make a meaningful contribution.

448. The representative of the World Health Organization (WHO) said that the LDCs and their peoples represented one of the organization's main concerns and that it was accordingly orienting its policy and concentrating its efforts so as to optimize the utilization of its resources in favour of the LDCs. A country-specific initiative had thus been launched whereby all WHO programmes were to be coordinated both at central and regional levels in order to intensify technical and financial cooperation with these countries. A special forum on health had been organized by WHO with UNCTAD on the occasion of the Paris Conference. In implementation of the resultant Programme of Action, the WHO Executive Board had in January 1991 adopted a resolution on "Health promotion for the development of the LDCs" which called for the continuation and intensification of the organization's efforts to provide support for the strengthening and development of health systems and identifying resources and new approaches to health in the current social and economic context. The WHO initiative had permitted the development of a new kind of international partnership, based on country-oriented strategies and improved coordination. A number of countries and United Nations organizations had already become involved in this approach aimed at overcoming obstacles to the effective implementation of primary health care. Three observations could be drawn from a first evaluation of this integrated approach. Firstly, close links were developed between social and economic sectors and between health and macroeconomic policy, and cooperation was fostered between national authorities in these various fields. Secondly, joint programming and partnership in various consultation mechanisms served to mobilize the technical and financial means needed to implement operational plans of action. Finally, a coherent, long-term approach was required for integrated technical and financial cooperation, within which WHO accorded particular importance to the economic management of the health sector.

449. The representative of the United Nations Development Programme (UNDP) said that, following the Second United Nations Conference on LDCs and in the light of the UNDP Governing Council's decision of June 1990 to allocate to the LDCs 55 per cent of the indicative planning figure (IPF) resources during the fifth programming cycle (1992-1996), a ten-point multi-faceted approach had been adopted. This approach included the following elements: bringing the priorities of the Programme of Action to the attention of the LDC Governments in the course of discussions on the preparations for the next country programme, defining a funding strategy for UNCDF to reach 20 per cent annual growth, assisting LDC Governments in preparing technical cooperation assessment needs and programmes, establishing strategies and programmes for the development of the private sector, defining strategies for the full participation of women in the development process, encouraging LDC Governments to involve non-governmental organizations through their specific role in formulating and implementing programmes and projects geared to promoting grass-roots activities in LDCs, preparing strategies for human resources development, strengthening LDCs' capacity for adequate socio-economic management with emphasis on the long-term perspective for development as well as on capacity for effective aid coordination, calling LDC Governments' attention to the Programme of Action and its follow-up and monitoring mechanism and proposing a calendar for the preparation of a round table to be held within the next 12 months, and strengthening the substantive capacity of UNDP field offices to backstop the round table process, with particular emphasis on economic management activities. In this connection, a workshop on round table issues and procedures would be held in Geneva from 1 to 3 May 1991. The results of this workshop were expected to be useful in determining UNDP's response to the call made in the Programme of Action for the round table process to become more systematic and better organized. In conclusion, he reiterated the commitment that UNDP had made to ensure the successful implementation of the Programme of Action for the LDCs in the coming decade.

450. At the Sessional Committee's 5th (closing) meeting, on 22 March 1991, the Chairman presented a draft resolution entitled "Review of the progress in the implementation of the Programme of Action for the Least Developed Countries for the 1990s" (TD/B(XXXVII)/SC.2/L.4).

Action by Sessional Committee II

451. At its 5th (closing) meeting, on 22 March 1991, the Sessional Committee recommended draft resolution TD/B(XXXVII)/SC.2/L.4 to the Trade and Development Board for adoption.

Action by the Board

452. At its 788th meeting, on 22 March 1991, the Board adopted draft resolution TD/B(XXXVII)/SC.2/L.4 (for the text, see part I above, resolution 390 (XXXVII)).

Chapter VI

OTHER MATTERS IN THE FIELD OF TRADE AND DEVELOPMENT - IMPLEMENTATION OF THE DECLARATION ON INTERNATIONAL ECONOMIC COOPERATION, IN PARTICULAR THE REVITALIZATION OF THE ECONOMIC GROWTH AND DEVELOPMENT OF THE DEVELOPING COUNTRIES (ECONOMIC AND SOCIAL COUNCIL RESOLUTION 1990/54)

(Agenda item 6)

453. The President recalled that ECOSOC resolution 1990/54 recommended that governing bodies of the organs, organizations and bodies of the United Nations system include in their agenda the question of the implementation of the Declaration and invited them to report to the Council, at its second regular session in 1991, on steps taken by themselves and by Governments within their respective spheres of competence, with a view to ensuring the implementation of the Declaration. Virtually the entire substantive content of the Declaration was relative to the current activities of UNCTAD and the orientations it provided were broadly relevant to the substantive agenda for UNCTAD VIII, which would be the principal occasion for UNCTAD to contribute to the implementation of the Declaration.

454. The spokesman for Group B (Greece) stated that the adoption of the Declaration marked a major step in the international community's efforts to achieve global progress in economic development. The special session itself had contributed to a genuine dialogue and common perceptions among all countries as regards developmental thinking. The Declaration covered a broad spectrum of issues affecting the economic growth of developing countries and included a reference to the responsibility of each country for its own development and emphasized the role of major industrialized countries concerning world economic growth and the international economic environment.

455. The Declaration recognized the role of developing countries in maintaining control over inflationary tendencies, stimulating domestic savings and achieving favourable conditions for domestic and foreign investment. It called for urgent and continuous attention to the external debt problems of developing countries and stated that the quantity and quality of aid should be enhanced and appropriate and additional resources should be provided by the developed countries. All these activities had to take into account environmentally sound policies and sustainable development.

456. Referring to the list of topics included in document TD/B/1287, he said Group B considered it useful to reiterate that UNCTAD should focus its work on specific areas within its competence and its existing budget, whilst taking into account the relevant work of other international organizations. The implementation of the Declaration required concerted and continued efforts of all countries. While well thought out responses of each Government to the economic challenges were necessary, international actions as outlined in the Declaration were imperative, if progress in its implementation was to be achieved. Efforts in that direction were part of delegations' task at the current session and beyond.

457. The representative of China said the Declaration was an important document adopted by the international community and, although a couple of its conclusions and projections had yet to be borne out by facts, it could still be regarded as a guide for the international community's work in strengthening international economic cooperation for the promotion of economic growth and development of developing countries.

458. The Declaration was closely related to the functions of UNCTAD, which was therefore duty-bound to take effective action to contribute to the implementation of the measures and objectives as set forth in the Declaration. The achievement of positive results at UNCTAD VIII represented one of the immediate tasks in this regard. The formulation of a complete set of effective macro- and micro-policy measures relating to the agenda items of the Conference would constitute an initial substantive input to the implementation of the Declaration by UNCTAD.

459. The spokesman for the Group of 77 (Egypt) stated that the Declaration on International Economic Cooperation was a landmark in the long search by the community of nations to guarantee the basic right of all human beings to live free from hunger, poverty, ignorance, disease and fear. His Group believed that the declaration on the twenty-fifth anniversary of UNCTAD represented a substantive contribution to the formulation of resolution S-18/3 of the General Assembly. The Declaration defined the commitments and policies for international economic cooperation. In particular it called for a durable and broad solution to the debt problem; implementation of international targets of ODA; support for the efforts of developing countries to create and develop indigenous capacities in the area of science and technology; response by the multilateral financial institutions to the increasing need of developing countries in the 1990s; an open and credible multilateral trading system; and the finding of lasting solutions to the commodity problem of developing countries. UNCTAD had already undertaken efforts to implement the provisions of the Declaration, in particular through the Programme of Action adopted by the Second United Nations Conference on the Least Developed Countries, resolutions and decisions adopted by the Trade and Development Board at the first part of its thirty-seventh session, the agreed conclusions of the Committee on Commodities and the resolutions adopted by the second United Nations Conference to Review all Aspects of the Set of Multilaterally Agreed Equitable Principles and Rules for the Control of RBPs. These resolutions represented a positive step forward and he called upon member States, especially developed countries to make extra efforts to implement them. According to its mandate UNCTAD was addressed by the Declaration in its entirety and therefore was required to undertake every possible effort to implement it. The Group of 77 believed that UNCTAD VIII would provide an opportunity to demonstrate the necessary political will as well as an impetus to the efforts to implement the Declaration.

460. The representative of the Sudan stated that the Declaration contained an excellent analysis and important recommendations and constituted a landmark in international economic cooperation. It reconfirmed the importance of interdependence and the need for a global approach to international questions as well as the growing importance of effective interactions between national and international policies. The Declaration had a close bearing on UNCTAD activities, in particular in relation to regional economic integration among

developing countries, activities in relation to LDCs, environment and sustainable development, debt and the commodity problems. He called for strong support for UNCTAD activities in relation to the Declaration. UNCTAD had a particular responsiblity in the implementation of this Declaration, which would make it possible to avoid the 1990s being another lost decade for development. UNCTAD VIII would be a valuable opportunity to implement the Declaration.

461. The representative of Indonesia said he believed the Declaration would set the tone and pace of international economic cooperation for the 1990s. The consensus reached on a number of issues marked a major turning point in international cooperation and the policies adopted and commitments made on that occasion should be vigorously implemented. The Declaration recognized in particular that reactivation of economic growth and development in developing countries would require a concerted and committed effort by all countries, in particular in the areas of finance, resources for development, debt, international trade, commodities and technology. He noted with concern that the flow of ODA in the 1980s had not measured up to the needs of developing countries. In this regard the call in the Declaration with regard to the transfer of resources was extremely relevant. The Declaration also made a specific commitment to formulate a durable and broad-based solution to the debt problems of developing countries. The Declaration signified the need for an open and credible multilateral trading system. Problems of international commodity trade had to be addressed. New vigour had to be injected into international commodity cooperation by promoting new mechanisms while preserving the spirit and objectives of the IPC. It was also urgent to foster the establishment of an international arrangement for the transfer of technology to developing countries as science and technological capability were determinant factors for development. Efforts had to be increased to intensify the implementation of the UN-PAAERD and the objectives of the Programme of Action for LDCs for the 1990s. It was more essential than ever to improve and revitalize international economic cooperation. UNCTAD VIII would provide a forum to discuss these issues and to translate the policies and commitments in the Declaration into a workable framework of cooperation and follow-up action.

462. Summing up the discussion on item 6, the President said that, as was underlined in document TD/B/1287, there was a link between current UNCTAD activities and the substantive content of the Declaration. Indeed a number of the directives in the Declaration were the subject of current deliberations in UNCTAD intergovernmental bodies. Moreover, the policies and commitments in the Declaration were directly relevant to the substantive agenda for UNCTAD VIII, which would be the main opportunity for UNCTAD to contribute to its implementation. He proposed transmitting to ECOSOC at its next summer session a summary of the deliberations at the current session, together with the note by the secretariat under this item.

Action by the Board

463. At its 786th meeting, on 15 March 1991, the Board decided that a summary of its deliberations under item 6 at the current session, together with the note submitted by the UNCTAD secretariat (TD/B/1287), should be transmitted by the President to the Economic and Social Council at its second regular session.

Chapter VII

OTHER MATTERS REQUIRING ACTION BY THE BOARD ARISING FROM OR RELATED TO REPORTS AND ACTIVITIES OF ITS SUBSIDIARY AND OTHER BODIES

(Agenda item 7)

Committee on Commodities

464. The Chairman of the Committee on Commodities, Mr. A.A. Gubartalla (Sudan) introducing the Committee's report (TD/B/1281) on its fourteenth session (12-20 November 1990), said the Committee had had an extensive debate on the world commodity situation and outlook, and had reviewed the results of the work on diversification, processing, marketing and distribution, including transportation, and its future work programme.

465. The Committee's session had resulted in agreed conclusion 26 (XIV), adopted by consensus. In this regard, he referred to the eight issues identified by the Committee to be explored during the preparatory process for and at UNCTAD VIII; the Committee's action, pursuant to Board decision 379 (S-XVI), on export earnings shortfalls and compensatory financing and, pursuant to Board decision 389 (XXXVII), on sustainable development. The Committee had agreed that work on diversification, processing, marketing and distribution, including transportation was a priority element on its future work, had recommended to the Board that this issue be a separate item on the agenda for its fifteenth session, and had requested the Board to extend the Committee's session to nine working days, instead of seven.

Action by the Board

466. At its 784th meeting, on 12 March 1991, the Board took note of the report of the Committee on Commodities on its fourteenth session (TD/B/1281) and endorsed agreed conclusion 26 (XIV) therein.

Chapter VIII

CLOSING STATEMENTS

467. The spokesman for the Group of 77 (Jordan) said that his Group had expected results from the current session that were commensurate with the critical needs of the international community, and particularly with the hopes and aspirations of the developing countries at the present time of change.

468. The Group of 77 was pleased that the Board had agreed a number of important decisions and resolutions at the current session, which had truly become a part of the process towards the common goal of security, justice and economic prosperity. His earlier qualification of the Board as a forum for the expression of hopes and the pursuit of the means for improvement and betterment of life remained justified.

469. Expressing satisfaction at achievements at the current session, in particular resolution 389 (XXXVII) on UN-PAAERD, he said his Group was particularly gratified by the support that the other Groups had given the text. It was its sincere wish to see UN-PAAERD extended, invigorated and fully implemented.

470. His Group was equally gratified at the adoption of resolution 390 (XXXVII) on the least developed countries, which addressed the needs of a large mass of humanity whose plight and suffering deserved the total support and commitment of the international community. It was also gratifying that no occasion was being spared to remind Governments of the need to implement fully the Programme of Action for the LDCs adopted in Paris. The adoption of these texts demonstrated that a spirit of understanding and political responsibility prevailed among delegations.

471. On the important item on protectionism and structural adjustment, it was deeply regrettable that the Board had not reached an acceptable outcome. The attempts by the Group of 77 to reach a consensus, and the maximum flexibility and willingness to cooperate which it had shown, had not been met in equal measure. This was most unfortunate at a time when the international community was in need of greater cohesion and mutual understanding.

472. The decision to hold UNCTAD VIII in a venue in the developing countries, Cartagena de Indias, was momentous in the history of UNCTAD and he extended warm thanks to the people and Government of Colombia for their generous offer.

473. His Group was confident that Governments had embarked on an irreversible process towards UNCTAD VIII, which would be the opportunity to advance understanding, action and cooperation in international economic relations.

474. The spokesman for Group B (Greece) stated that, notwithstanding some difficulties on issues of substance in one of the Committees, Group B looked at the future of the dialogue between developed and developing countries with confidence and considered that there was a need to continue to work together towards converging views.

475. Group B welcomed with deep appreciation the offer of Colombia to host UNCTAD VIII and was confident that the secretariat would finalize promptly all remaining necessary details and that the Conference would take place in accordance with the decision adopted unanimously as regards venue and dates. Preparations for UNCTAD VIII were now adjusted according to the new schedule and he reminded the secretariat of the need to prepare documentation well in advance of the first part of the seventeenth special session in order to have a meaningful discussion.

476. Given the spirit of partnership which had prevailed throughout the session, Group B regretted that its essential concerns regarding protectionism and structural adjustment could not be taken on board by the Group of 77. His Group maintained the strong conviction that the contribution of national policies and good management were of vital importance, both in terms of economic development and in light of the agenda of UNCTAD VIII. Appropriate domestic policies must go hand in hand with a strengthened multilateral trading system, which was what all were striving for in the Uruguay Round. Trade liberalisation by developing countries would foster increased trade linkages among these countries. Group B believed that better balance in the analysis by UNCTAD needed to be encouraged so that trade measures of both developed and developing countries were examined with reference to their impact on developing country trade, and so that trade potential among developing countries was made more visible, especially in the context and as a result of trade liberalisation. Recognition of these fundamental principles served the interests of the entire world trading community, in particular those of the developing countries.

477. The principle of partnership was a major focus of UN-PAAERD and had been duly reflected in resolution 389 (XXXVII). This text underlined the responsibility of African countries as regards their own development and their commitment to continue reform efforts and promote development so that all groups participated in it. Environmental problems were also highlighted in the resolution, while continued commitment to the fulfilment of the objectives of UN-PAAERD had also been decided.

478. Group B's view was that any assessment of the implementation of the Paris Programme of Action at the current stage would be premature. However, in the spirit of solidarity and partnership with the LDCs, Group B was positive and had accepted a text which had accommodated the interests of all parties concerned. It was Group B's understanding that the last operative paragraph of resolution 390 (XXXVII) would not in any way affect the agreed draft agenda on UNCTAD VIII. It was also understood that any relevant activity on this item during the Conference would take place within overall existing resources.

479. The spokesman for Group B noted that an effort had to be made to ensure that the schedule of UNCTAD meetings would comply in future with decision 352 (XXXIV).

480. He concluded that major challenges had to be faced by all countries over the years ahead in order to adjust and benefit from a rapidly evolving world. In this context, UNCTAD could play a major role as a forum for exchange of views between developed and developing countries on appropriate national and international policies, taking into account the new global realities,

including the need to respect human rights and social justice. Group B believed that the Conference in Cartagena de Indias would be a major step in this direction, underlining joint responsibility and strengthened partnership. Group B approached the dialogue between developed and developing countries with a strong willingness to work constructively with all parties towards a convergence of views for the benefit of all.

481. The spokesman for Group D (Czech and Slovak Federal Republic) reiterated his Group's appreciation of the Government of Colombia's offer to host UNCTAD VIII and expressed thanks to the regional and group coordinators and China for their cooperative attitude during the session.

482. The representative of China observed that there had been a useful debate on all major issues at the current session and in most cases positive results had been achieved. The Chinese delegation regretted, however, that it had not proved possible to achieve the anticipated results on the question of protectionism and structural adjustment owing to divergences of view on certain important aspects of it. His delegation believed that the Board should pursue the issue of protectionism and structural adjustment in accordance with its work programme, as set forth in the relevant Board resolutions and the provisions concerned in the Final Act of UNCTAD VII, otherwise the sense of relevance of considering this issue would be lost. It was to be hoped that the divergences during the session would not adversely affect future discussion of the issue, in particular at UNCTAD VIII. He hoped that the technical and substantive preparation for the Conference would be accelerated to ensure that its convening was smooth.

483. As to the resolutions adopted on UN-PAAERD and the LDCs, the Chinese delegation stressed that these should be translated into concrete action to ensure the imporvement of the trade environment of the African developing countries and the growth and development of the LDCs.

484. In his closing address the President observed that the session had been very important, given the scope of the issues dealt with and the decisive progress in preparations for UNCTAD VIII.

485. Delegations were now embarking on some eleven months of profound reflection regarding the future. The extremely varied issues for consideration ranged from UNCTAD's future role to the need for an effective dialogue on cooperation for development, which was to cover resources for development, technology, trade, commodities, structural adjustment, protectionism and external debt as well as the environment, sustainable development, national policies, the international situation and human rights.

486. On some issues delegations were closer together, on others efforts must be redoubled to find a common viewpoint based on joint responsibility for the future. He was even more convinced that, to reconstruct peace, the pressing problems in international economic relations must be resolved. UNCTAD VIII was a good opportunity to deepen the dialogue which other recent international gatherings had elaborated and he expressed gratitude to the Government and people of Colombia. As a cultural confluence Cartagena de Indias would be an auspicious setting in which to achieve positive results.

Chapter IX

PROCEDURAL, INSTITUTIONAL, ORGANIZATIONAL, ADMINISTRATIVE AND RELATED MATTERS

A. Election of the President (agenda item 1 (a))

487. At the 782nd (opening) meeting, on 11 March 1991, the Board, noting that the President, Mr. Jean-David Levitte had been recalled by his Government, elected Mr. Emilio Artacho Castellano (Spain) as President by acclamation for the remainder of the thirty-seventh session.

B. Replacement of Vice-Presidents

488. Also at the 782nd meeting the Board elected Mr. Euripides KERKINOS (Greece); Mr. Johan Frederik BODDENS-HOSANG (Netherlands) and Mr. Janusz KACZURBA (Poland) to replace respectively Mr. Werner REICHENBAUM (Germany); Mr. Giulio di LORENZO BADIA (Italy) and Mr. Piotr FREYBERG (Poland).

489. The Bureau at the second part of the thirty-seventh session was thus as follows:

President:	Mr. Emilio ARTACHO CASTELLANO	(Spain)
Vice Presidents:	Mr. Nabil A. ELARABY	(Egypt)
	Mr. Euripides P. KERKINOS	(Greece)
	Mr. Seyed Mojtaba ARASTOU	(Islamic Republic of Iran)
	Mr. Marcelo VARGAS	(Mexico)
	Mr. Johan Frederik BODDENS-HOSANG	(Netherlands)
	Mr. Emeka Ayo AZIKIWE	(Nigeria)
	Mr. Luis GONZALEZ ARIAS	(Paraguay)
	Mr. Janusz KACZURBA	(Poland)
	Mr. Morris B. ABRAM	(United States of America)
	Mr. Yahya Hamoud GEGHMAN	(Yemen)
Rapporteur:	Mr. A.N. SYTCHEV	(Byelorussian Soviet Socialist Republic)

490. The officers of the Sessional Committees were:

Sessional Committee I:

Chairman:	Mr. Martin HECKER	(Germany)
Vice-Chairman-cum-Rapporteur:	Mr. Ricardo BABUL	(Chile)

Sessional Committee II:

Chairman:	Mr. Ahmed A. GUBARTALLA	(Sudan)
Vice-Chairman-cum-Rapporteur:	Mr. Jean-Louis TORDEUR	(Belgium)

C. Adoption of the agenda and organization of work (agenda item 1 (b))

491. At the same meeting the Board adopted the provisional agenda which it had approved at the first part of the session (TD/B/1278 and Add.1), with the inclusion of sub-items under items 1 and 7 (for the agenda as adopted see annex I).

492. At the same meeting, the Board broadly endorsed the organization of work proposed by the secretariat in document TD/B/1278/Add.2 and decided to establish two sessional bodies: Sessional Committee I to consider and report on item 2 and Sessional Committee II to consider and report on items 4 and 5. All other items would be taken up in plenary.

D. Adoption of the report on credentials (agenda item 1 (c))

493. At the 788th meeting, on 22 March 1991, the Board adopted the report submitted by its Bureau on the credentials of all representatives attending the session (TD/B/1292).

E. Provisional agendas

1. Provisional agenda for the first part of the thirty-eighth regular session of the Board (agenda item 1 (d))

2. Provisional agenda for the seventeenth special session of the Board (agenda item 1 (e))

494. Also at the 788th meeting, the Board approved the provisional agendas for the first part of its thirty-eighth session (reproduced in annex II below) and its seventeenth special session (reproduced in annex III below).

495. In accordance with past practice, the Board authorized the Secretary-General of UNCTAD, in consultation with the President, to adjust and complete the provisional agendas in the light of developments. This arrangement was on the understanding that any amendments or additions would be subject to consultations with the representatives of regional groups and interested member States within the framework of the consultative machinery established by Board decision 143 (XVI) and Board resolution 231 (XXII). The Board also requested the Secretary-General of UNCTAD to consult delegations regarding the organization of work of the sessions and to circulate his suggestions thereon.

F. Designation of the President of the thirty-eighth regular session of the Board (agenda item 1 (f))

496. At its 788th meeting, the Board took note that, in accordance with the cycle for the rotation of the Office of President of the Board, the President at the thirty-eighth session should be a representative of one of the States

contained in List D in the annex to General Assembly resolution 1995 (XIX). The Board also took note that, in the light of consultations held, and in a spirit of understanding and flexibility, it had been agreed that at the thirty-eighth session of the Board, the Presidency would be assumed by a representative of one of the African States in List A and that at the thirty-ninth regular session, the Office of President would revert to one of the States in List D. The Board further took note that the Rapporteur at the thirty-eighth regular session would be a representative of one of the States in List C.

497. In the light of the above, the Board designated H.E. Mr. Thomas Ogada (Kenya) as President of the Board at its thirty-eighth session.

G. Membership and attendance*

498. The following States members of UNCTAD, members of the Board, were represented at the session: Afghanistan; Algeria; Argentina; Australia; Austria; Bahrain; Bangladesh; Belgium; [Benin]; Bhutan; Bolivia; Brazil; Bulgaria; Burundi; Byelorussian Soviet Socialist Republic; Cameroon; Canada; Central African Republic; Chile; China; Colombia; Costa Rica; Côte d'Ivoire; Cuba; Czechoslovakia; Democratic People's Republic of Korea; Denmark; Dominican Republic; Ecuador; Egypt; El Salvador; Ethiopia; Finland; France; Germany; Ghana; Greece; Haiti; Honduras; Hungary; India; Indonesia; Iran (Islamic Republic of); Iraq; Ireland; Israel; Italy; Jamaica; Japan; Jordan; Kenya; Kuwait; Lebanon; Libyan Arab Jamahiriya; Madagascar; Malaysia; Malta; Mexico; Mongolia; Morocco; Myanmar; Nepal; Netherlands; New Zealand; Nicaragua; Nigeria; Norway; Oman; Pakistan; Panama; Paraguay; Peru; Philippines; Poland; Portugal; Qatar; Republic of Korea; Romania; [Sao Tome and Principe]; Saudi Arabia; Senegal; Singapore; Somalia; Spain; Sri Lanka; Sudan; Sweden; Switzerland; Syrian Arab Republic; Thailand; Togo; Trinidad and Tobago; Tunisia; Turkey; Ukrainian Soviet Socialist Republic; Union of Soviet Socialist Republics; United Kingdom of Great Britain and Northern Ireland; United Republic of Tanzania; United States of America; Uruguay; Venezuela; Viet Nam; Yemen; Yugoslavia; Zaire; Zambia; Zimbabwe.

499. The following other States members of UNCTAD, not members of the Board, were represented at the session: Brunei Darussalam; Dominica; Holy See.

500. Palestine participated pursuant to General Assembly resolution 3237 (XXIX). The Pan Africanist Congress of Azania participated pursuant to General Assembly resolution 3280 (XXIX).

501. The Economic Commission for Africa; United Nations Development Programme were represented at the session. The International Trade Centre UNCTAD-GATT was also represented at the session.

---

* For the list of participants, see TD/B/INF/182.

502. The following specialized and related agencies were represented at the session: Food and Agriculture Organization of the United Nations; World Health Organization; World Bank; International Monetary Fund; World Intellectual Property Organization; United Nations Industrial Development Organization. The General Agreement on Tariffs and Trade was also represented at the session.

503. The following intergovernmental organizations were represented at the session: African, Caribbean and Pacific Group of States; Commonwealth Secretariat; European Economic Community; International Organization for Migration; Latin American Economic System; League of Arab States; Organisation for Economic Cooperation and Development; Organization of African Unity; Permanent Secretariat of the General Treaty on Central American Economic Integration.

504. The following non-governmental organizations were represented at the session: General Category: Friends World Committee for Consultation (Quakers); International Bar Association; International Chamber of Commerce; International Confederation of Free Trade Unions; Women's International League for Peace and Freedom; World Assembly of Small and Medium Enterprises; World Association of Former United Nations Internes and Fellows, Inc.; World Federation of United Nations Associations. Special Category: International Air Transport Association; International Association of Islamic Banks.

H. Treatment of new States members of UNCTAD for purposes of elections

(agenda item 8 (a))

505. At the 782nd meeting, on 11 March 1991, the Board took note that no applications for membership of the Conference had been received and further noted that the membership of UNCTAD remained unchanged at 166.

I. Announcement of any changes in the membership of the Board and election to membership of main Committees

(agenda item 8 (b))

506. Also at the 782nd meeting the Board took note that its membership remained unchanged at 130. The Board further confirmed the composition of its main Committees as given in TD/B/INF.178/Rev.1.

J. Designation of intergovernmental bodies for the purposes of rule 76 of the rules of procedure of the Board

(agenda item 8 (c))

507. At its 784th plenary meeting, on 12 March 1991, the Board approved the applications of the following three intergovernmental organizations for designation under rule 76 of the rules of procedure: the Cooperation Council for the Arab States of the Gulf (GCC), the ACP-EEC Joint Assembly and, the Common Fund for Commodities.

K. Designation and classification of non-governmental organizations for the purposes of rule 77 of the rules of procedure of the Board

(agenda item 8 (d))

508. Also at its 784th plenary meeting, the Board took note that no new applications for designation for the purpose of rule 77 of the rules of procedure had been received. The Board further noted that the International Shipowners Association had ceased to exist and had been deleted from the list of NGOs in status with UNCTAD.

L. Review of the calendar of meetings

(agenda item 8 (e))

509. The Board had before it document TD/B/INF.179, which contained a list of meetings for the first half of 1991 and document TD/B/L.913, containing a draft calendar for the second half of 1991, and draft schedules for 1992 and 1993.

510. Given the fact that the Board had only just come to decisions in relation to the date and place of UNCTAD VIII (document TD/B/L.918) and the related preparatory process it had not been practicable for the Calendar Group to meet to review the whole calendar for the rest of the year.

Action by the Board

511. At the 788th meeting, the Board endorsed the calendar contained in document TD/B/INF.179 and entrusted the task of preparing a formal calendar for the rest of this year and for 1992 to the informal group on calendar matters and documentation which would report to the regular consultations with representatives of regional groups, China and interested member States, within the framework of the consultative machinery established by Board decision 143 (XVI) and Board resolution 231 (XXII) (see part I above, decision 392 (XXXVII)).

M. Other business

(agenda item 9)

512. No matters were raised under this item.

N. Adoption of the report of the Board

(agenda item 10)

513. At the 788th (closing) meeting, on 22 March 1991, the Board adopted its draft report and authorized the Rapporteur to complete the final version as appropriate. It further authorized the Rapporteur, under the authority of the President, to prepare the report of the Board to the General Assembly.

O. Closure of the session

514. At its 788th meeting, on 22 March 1991, the President declared closed the second part of the thirty-seventh session of the Board.

Annex I

AGENDA FOR THE SECOND PART OF THE THIRTY-SEVENTH SESSION OF THE TRADE AND DEVELOPMENT BOARD

1. Procedural matters:

   (a) Election of the President of the Trade and Development Board;

   (b) Adoption of the agenda and organization of the work of the session;

   (c) Adoption of the report on credentials;

   (d) Provisional agenda for the first part of the thirty-eighth regular session of the Board;

   (e) Provisional agenda for the seventeenth special session of the Board;

   (f) Designation of the President of the thirty-eighth regular session of the Board

2. Protectionism and structural adjustment and, in conjunction therewith, outcome of the Uruguay Round on developments and issues of particular concern to the developing countries, in accordance with paragraph 105 (8) of the Final Act of UNCTAD VII

3. Preparations for the eighth session of the United Nations Conference on Trade and Development

4. United Nations Programme of Action for African Economic Recovery and Development 1986-1990: UNCTAD's intergovernmental input into the General Assembly's final review and appraisal of the implementation of the Programme of Action in 1991

5. Review of progress in the implementation of the Programme of Action of the Second United Nations Conference on the Least Developed Countries

   - UNCTAD's contribution to the follow-up of the Programme of Action

6. Other matters in the field of trade and development:

   - Implementation of the Declaration on International Economic Cooperation, in particular the Revitalization of Economic Growth and Development of the Developing Countries (Economic and Social Council resolution 1990/54)

7. Other matters requiring action by the Board arising from or related to reports and activities of its subsidiary and other bodies:

   - Committee on Commodities

8. Institutional, organizational, administrative and related matters:

    (a) Treatment of new States members of UNCTAD for purposes of elections;

    (b) Announcement of any changes in the membership of the Board and election to membership of main Committees;

    (c) Designation of intergovernmental bodies for the purposes of rule 76 of the rules of procedure of the Board;

    (d) Designation and classification of non-governmental organizations for the purposes of rule 77 of the rules of procedure;

    (e) Review of the calendar of meetings;

    (f) Administrative and financial implications of the actions of the Board

9. Other business

10. Adoption of the report of the Board

Annex II

PROVISIONAL AGENDA FOR THE FIRST PART OF THE THIRTY-EIGHTH REGULAR SESSION OF THE TRADE AND DEVELOPMENT BOARD

1. Procedural matters:

   (a) Election of officers;

   (b) Adoption of the agenda and organization of work of the session;

   (c) Adoption of the report on credentials;

   (d) Provisional agenda for the second part of the thirty-eighth session of the Board

2. Interdependence of problems of trade, development finance and the international monetary system

3. Debt and development problems of developing countries

4. UNCTAD's contribution, within its mandate, to sustainable development (Board decision 384 (XXXVII))

5. Assistance to the Palestinian people (Conference resolutions 146 (VI) and 169 (VII))

6. Preparations for the eighth session of the United Nations Conference on Trade and Development

7. Other matters requiring action by the Board arising from or related to reports and activities of its subsidiary and other bodies

   [To be completed in the light of developments]

8. Other matters in the field of trade and development:

   (a) Economic cooperation among developing countries:

      - Financing of South-South trade (paragraph 4 (c) (iii) of resolution 4 (V) of the Committee on Economic Cooperation among Developing Countries);

   (b) Report of the Secretary-General of UNCTAD in accordance with Conference resolution 137 (VI) concerning land-locked countries;

   (c) Export promotion: report of the Joint Advisory Group on the International Trade Centre UNCTAD/GATT on its twenty-fourth session;

   (d) Progressive development of the law of international trade: twenty-fourth annual report of the United Nations Commission on International Trade Law

   [To be completed in the light of developments]

9. Institutional, organizational, administrative and related matters:

   (a) Treatment of new States members of UNCTAD for purposes of elections;

   (b) Announcement of any changes in the membership of the Board and election to membership of main Committees;

   (c) Membership of the Working Party on the Medium-term Plan and the Programme Budget for 1992;

   (d) Designation of intergovernmental bodies for the purposes of rule 76 of the rules of procedure of the Board;

   (e) Designation and classification of non-governmental organizations for the purposes of rule 77 of the rules of procedure of the Board;

   (f) Review of the calendar of meetings;

   (g) Administrative and financial implications of the actions of the Board

10. Other business

11. Adoption of the report of the Board

Annex III

PROVISIONAL AGENDA FOR THE SEVENTEENTH SPECIAL SESSION OF THE TRADE AND DEVELOPMENT BOARD

1. Procedural matters:
    (a) Adoption of the agenda and organization of the work of the session;
    (b) Adoption of the report on credentials
2. Organization of the work of the eighth session of the United Nations Conference on Trade and Development
3. Substantive preparations for the eighth session of the Conference
4. Institutional, organizational, administrative and related matters:
    (a) Treatment of new States members of UNCTAD for purposes of elections;
    (b) Announcement of any changes in the membership of the Board and election to membership of main Committees;
    (c) Designation of intergovernmental bodies for the purposes of rule 76 of the rules of procedure of the Board;
    (d) Designation and classification of non-governmental organizations for the purposes of rule 77 of the rules of procedure of the Board;
    (e) Administrative and financial implications of the actions of the Board
5. Other business
6. Adoption of the report of the Board.

كيفية الحصول على منشورات الامم المتحدة

يمكن الحصول على منشورات الامم المتحدة من المكتبات ودور التوزيع في جميع انحاء العالم . استعلم عنها من المكتبة التي تتعامل معها أو اكتب الى : الامم المتحدة ، قسم البيع في نيويورك او في جنيف .

如何购取联合国出版物

联合国出版物在全世界各地的书店和经售处均有发售。请向书店询问或写信到纽约或日内瓦的联合国销售组。

HOW TO OBTAIN UNITED NATIONS PUBLICATIONS

United Nations publications may be obtained from bookstores and distributors throughout the world. Consult your bookstore or write to: United Nations, Sales Section, New York or Geneva.

COMMENT SE PROCURER LES PUBLICATIONS DES NATIONS UNIES

Les publications des Nations Unies sont en vente dans les librairies et les agences dépositaires du monde entier. Informez-vous auprès de votre libraire ou adressez-vous à : Nations Unies, Section des ventes, New York ou Genève.

КАК ПОЛУЧИТЬ ИЗДАНИЯ ОРГАНИЗАЦИИ ОБЪЕДИНЕННЫХ НАЦИЙ

Издания Организации Объединенных Наций можно купить в книжных магазинах и агентствах во всех районах мира. Наводите справки об изданиях в вашем книжном магазине или пишите по адресу: Организация Объединенных Наций, Секция по продаже изданий, Нью-Йорк или Женева.

COMO CONSEGUIR PUBLICACIONES DE LAS NACIONES UNIDAS

Las publicaciones de las Naciones Unidas están en venta en librerías y casas distribuidoras en todas partes del mundo. Consulte a su librero o diríjase a: Naciones Unidas, Sección de Ventas, Nueva York o Ginebra.

Printed at United Nations, Geneva
GE.91-52193
December 1991–3,415

United Nations publication

ISSN 0503-4116